



CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2015

CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

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, 2015**

Table of Contents

	Page
INTRODUCTORY SECTION	
City Manager's Letter of Transmittal	1
Administrative Service Director's Letter of Transmittal	5
Listing of City Officials	9
Organizational Chart	10
Certificate of Achievement for Excellence in Financial Reporting	11
 FINANCIAL SECTION	
Report of Independent Certified Public Accountants	13
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	35
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet - Governmental Funds	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	42
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Redevelopment - Special Revenue Fund	43
Statement of Net Position - Proprietary Funds	44
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	46
Statement of Cash Flows - Proprietary Funds	48
Notes to the Financial Statements:	
Summary of Significant Accounting Policies:	
Reporting Entity	51
Government-wide and Fund Financial Statements	52
Measurement Focus, Basis of Accounting, & Financial Statement Presentation	52
Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	55
Estimates and Assumptions	59
Reconciliation of Government-wide and Fund Financial Statements:	
Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	59
Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities	60
Stewardship, Compliance, and Accountability:	
Budgetary Information	61

**City of Orem, Utah
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

Table of Contents (continued)

	Page
FINANCIAL SECTION (continued)	
Basic Financial Statements (continued):	
Notes to the Financial Statements (continued):	
Detailed Notes for All Funds:	
Deposits and Investments	63
External Investment Pools	66
Customer Deposits	69
Loans Receivable - CDBG and EDA Loans	69
Receivables	69
Capital Assets	71
Interfund Receivable, Payables, and Transfers	74
Jointly Governed Organizations	74
Capital Leases	75
Long-term Debt	76
Equity Classification.....	84
Other Information:	
Risk Management	87
Contingent Liabilities	87
Pension Plans	89
Employee Retirement Systems other than Pension Plans	96
Other Postemployment Benefits	97
Segment Information for Enterprise Funds	100
Redevelopment Agency of the City of Orem	100
Restatement of Net Position.....	101
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Pension	
Liability - URS Pension Benefits	102
Schedule of Contributions - URS Pension Benefits	103
Schedule of Funding Progress - Other Postemployment Benefits	104
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Governmental Funds	108
Combining Statement of Net Position - Nonmajor Proprietary Funds	112
Combining Statement of Revenues, Expenses, and Changes in	
Net Position - Nonmajor Proprietary Funds	114
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	116
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Debt Service - Debt Service Fund	119
Capital Projects - Capital Projects Fund	120
CARE Tax - Special Revenue Fund	121
Telecommunication Billing - Special Revenue Fund	122
Community Development and Rehabilitation - Special Revenue Fund	123
Timpanogos Storytelling Festival - Special Revenue Fund	124
Orem Foundation Trust - Special Revenue Fund	125
Senior Citizens - Special Revenue Fund	126

**City of Orem, Utah
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

Table of Contents (continued)

	Page
FINANCIAL SECTION (continued)	
Combining Statement of Net Position - Internal Service Funds	128
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	129
Combining Statement of Cash Flows - Internal Service Funds	130
Schedules of Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	133
Schedule by Function and Activity	134
Schedule of Changes by Function and Activity	136
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	138
Changes in Net Position	140
Fund Balances - Governmental Funds	142
Changes in Fund Balances - Governmental Funds	144
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	146
Direct and Overlapping Property Tax Rates	148
Principal Property Tax Payers	149
Property Tax Levies and Collections	150
Sales Taxes by Category	152
Other Sales Tax Revenue Information by Category	154
Principal Sales Tax Payers	155
Direct and Overlapping Sales Tax Rates	156
General Fund - Revenues and Expenditures Chart.....	157
Debt Capacity and Other Debt Information:	
Ratios of Outstanding Debt by Type	158
Ratios of Net General Obligation Bonded Debt Outstanding	160
Direct and Overlapping Governmental Activities Debt	161
Legal Debt Margin Information	162
Pledged-Revenue Coverage	164
Long-term Bonded Indebtedness Paid by Primary Government	166
Other Long-term Liabilities Paid by Primary Government	168
Demographic and Economic Information:	
Demographic and Economic Statistics	169
Other Demographic Statistics - Census Data	170
Principal Employers	171
Full-Time-Equivalent City Government Employees by Function / Program	172
Operating and Other Information:	
Operating Indicators by Function / Program	174
Capital Asset Statistics by Function / Program	176

INTRODUCTORY SECTION



December 8, 2015

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-eighth Comprehensive Annual Financial Report (CAFR).

The report contains critical financial information regarding the City's activities over the past fiscal year. The report of Gilbert & Stewart CPA, PC, 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 City management.

We believe 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, 2015, in sound financial condition. The following is an overview of the City's financial condition.

The City of Orem is located in north central Utah and is currently the fifth largest city in the state with a 2010 census population of 88,328 and an estimated population at June 30, 2015, of 93,601. The local unemployment as of June 30, 2015 was 3.5% compared to 5.5% nationally. The State unemployment rate is 3.8%.

The City is both the geographic and retail center of Utah County. University Place (*formerly known as University Mall*) is the anchor to the largest retail area between Salt Lake County and Clark County, Nevada. University Place has undergone several renovations through the years and is now evolving into a life center consisting of office space, high density apartments, retail, and entertainment. This new project is estimated to add an additional 2,700 jobs.

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 City has recently completed an economic master plan. The plan shows the City can support and has demand for a significant amount of class "A" office space. Currently, there are several new office buildings either in the approval process or under construction.

Utah Valley University (UVU) continues to grow with current enrollment in excess of 34,000 students and projected enrollment estimated to exceed 46,000 by 2024. UVU is now the State's largest university.

The Midtown mixed use project has been unfinished and dormant for a number of years. This past year a developer has purchased the property and is now finishing the second tower with plans for a third phase with multi-family housing.

Multi-family housing starts have dominated new development with 56% of the permit value in the current fiscal year coming from this type of housing. The estimated property value of the multi-family building permits issued is \$160,570,401. When built, these units will represent 1,348 new housing units.

Operating Revenues

Revenues for the water, water reclamation, and storm sewer funds have been reasonably consistent each year to support their operational needs. However, since fee increases have only been able to basically cover the cost of operations, very little money has been available for capital projects needed to improve and maintain these systems. The City is concluding master plan studies for these utilities updating long-term plans with a financial component to fund these construction needs. Fee increases aimed at funding capital needs will be brought to the Council in FY '16.

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

Expenditures

The City allocated \$2,795,000 from General Fund reserves for general capital improvement projects. This was made possible by the City's growing economy resulting in revenue growth coupled with one-time building permit funds for one-time uses along with a policy change to set the City's reserve level at 15% of General Fund expenditure levels.

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

- Several miles of new asphalt overlays, slurry seals, and crack sealing applied to city roads.
- The continuation of the laying of new water mains and the replacement of old four-inch (4") water lines.
- Upgraded 58 fire fighter self-contained breathing apparatus (SCBA) units.
- Replaced existing IT servers and switching equipment.
- Accepted a new 20 acre park that was built for the City as part of a property exchange.
- Completed a \$1.2 million ultra-violet disinfection system at the waste water reclamation plant.
- Refinanced an existing GO Bond originally issued for road improvements. The refinancing made an additional \$994,000 available for Center Street reconstruction.

Additional Capital Funding is needed:

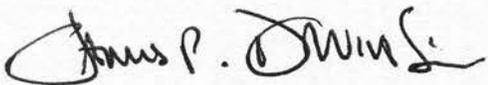
- To construct additional intersection signals and upgrade existing intersections with double left turn lanes.
- To upgrade existing traffic signal equipment that is nearing the end of its anticipated life.
- To install street lights in the portions of the city previously served by special lighting districts.
- To construct additional sidewalks.
- To continue preventative road maintenance.
- To improve transportation in the city through street improvements, trails, bike paths, mixed uses, and mass transit.
- To purchase and install a radio-read water meter system.
- For southwest area water and sewer improvements.
- For facility improvements/upgrades at the City Center, Senior Friendship Center, Fitness Center, Library, and all three fire stations.

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 who continue to upgrade and improve the City's accounting and financial reporting systems which improve 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,



James P. Davidson
City Manager

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December 8, 2015

James P. Davidson
City Manager

City of Orem, Utah

The State of Utah requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as prescribed in the Uniform Accounting Manual for Utah Cities 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, 2015, is hereby submitted to you, in accordance with these requirements.

This financial 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.

Gilbert & Stewart CPA, PC, a firm of licensed certified public accountants have audited the City of Orem's financial records. 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, 2015, 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 ending June 30, 2015, 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.

CAFR Highlights

This section will highlight the significant changes in the CAFR from the previous year. The fiscal year ending June 30, 2015 was an eventful year for the City. The economy is strong and the City is moving forward with updated utility master plans, revamped compensation plans, and reinvigorated housing and commercial building.

Governmental Accounting Standards Board (GASB) Pronouncement No. 68, providing guidance on government pension liabilities, has been implemented with this report. The City of Orem is a participant with the Utah Retirement System (URS). The URS controls the pension funds for all eligible governmental employees in the State of Utah (includes state, local, school, and/or special district employees). The URS sets the contribution rates they believe will achieve the needed earnings to provide the plan's defined benefit payments. The City remits the prescribed payments to the URS with each payroll.

The URS provides several pension plans depending upon employee type (public employee, police, fire, etc.). Each plan stands independent of every other plan. The net funding position of these various plans ranges from 89.0% to 120.5% of the total pension liability. The City is required to show its proportion of any deficit or surplus. Accordingly, the City has taken its overall net pension liability of \$8,252,315 and allocated it proportionately among the appropriate funds. This allocation of pension liability was recognized through restatements of the prior fiscal year's ending fund balances or retained earnings (see pages 89-94 for a detailed explanation of this newly recognized liability).

The City showed strong revenue growth during the year. In 1985, the City created their first redevelopment districts. State law allows for tax increment to be collected from these districts for a maximum of twenty-five (25) years. These districts are beginning to expire (without the exception of eligible "Haircut" increment used for repayment of bonds). Consequently, the government-wide charts show a drop of tax revenue primarily due to the end of these expiring districts (see page 18).

General Fund – Revenues grew, in large part, due to sales tax revenues which grew by 4.58%. Sales tax revenues are the single largest source of city revenue. Growth has been consistent for the past four years (see page 19). New construction has been strong. As a result of this growth in construction, the City's building related revenues (i.e. building permits, planning fees, etc.) were strong. The City is treating this growth in building related revenues as

one-time revenues and using these funds to complete various capital projects within the city (see page 19).

The City has refined its method of charging enterprise funds and the internal service funds for services rendered by one fund to another fund. Up until the year ending on June 30, 2015, the City charged a flat 12% for services rendered by the General Fund to the enterprise funds. The City now has refined the process to more accurately show services rendered in some instances down to the individual employee level. The net result is a decrease in contributions from some of the larger enterprise funds while increasing other smaller enterprise funds.

Expenditures were lower than expected (see page 27 for more thorough explanation). The City withheld payments to the Utah Infrastructure Agency (UIA) totaling \$433,414. These unspent funds have been carried over into the FY 2016 budget.

Water Fund - Notwithstanding a 4.20% drop in overall water consumption, revenues increased due to a rate increase. The net revenue increase was 1.70%. Expenses dropped by 1.91% primarily due to the change in how administrative fees are assessed (see page 25).

Water Reclamation Fund - The fund saw a significant increase in its unrestricted net operating position of 16.64%. This was primarily due to one-time connection fee revenues from several large multi-unit housing developments. Operating expenses dropped by 4.87% primarily due to the GASB 68 pronouncement related to pension liabilities (see page 25).

Storm Sewer Fund - Revenues were up due to a \$0.25 per equivalent service unit (ESU) increase as well as an increase in billable ESU's throughout the city. Operating expenses increased due to a large outlay for an updated storm water master plan as well as increased depreciation (see page 26).

Transfers - During the fiscal year, the General Fund transferred \$3,789,170 in surplus funds to the Capital Projects Fund. The City, by policy, is going to maintain a 15% General Fund reserve and move any excess funds to the Capital Projects Fund for various improvement projects (see page 26).

Debt - The City ended the year with total outstanding debt of \$50,144,000, of which \$11,830,000 is backed by the full faith and credit of the City while \$38,314,000 is backed by specific revenue sources such as sales taxes, franchise taxes, and utility revenues. This represents a total debt reduction of 12.97% over the previous year. During the year, \$9,645,000 in general obligation debt was issued refund existing general obligation debt in order to obtain interest rate savings of approximately \$1 million which will be used on certain road projects.

The City maintains favorable debt ratings of "AA+" from Fitch ratings and "AA" from Standard and Poors. The City is committed to maintain these high ratings through proper management practices.

Additional and more detailed information regarding the City's overall debt can be found in the footnotes of this document (see pages 73-81).

Statistical Section - The final section of the CAFR contains a wealth of comparative information about the City. This section has charts and tables on financial trends, revenues, debt, demographics, and general operating information.

Several interesting tables are found on pages 150-153 showing the change over time of sales tax receipts by category. These tables show the general broadening of the City's sales tax base.

Other Information

Awards

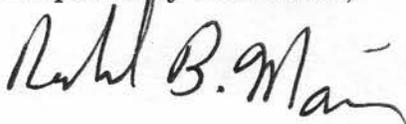
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-seventh consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, 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 (GAAP) 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 could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation with special recognition to Brandon Nelson, CPA, for his stellar work in preparing this report as well as our independent auditors, Gilbert & Stewart CPA, PC, 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 prudent manner.

Respectfully submitted,



Richard B. Manning
Administrative Services Director



CITY OF OREM

LISTING OF OFFICIALS ORGANIZED BY CLASSIFICATIONS

Chief Executive Officer

City Manager James P. Davidson

Executive Staff

Assistant City Manager Brenn Bybee

Director of Administrative Services Richard B. Manning

Director of Development Services Bill D. Bell

Director of Legal Services Greg W. Stephens

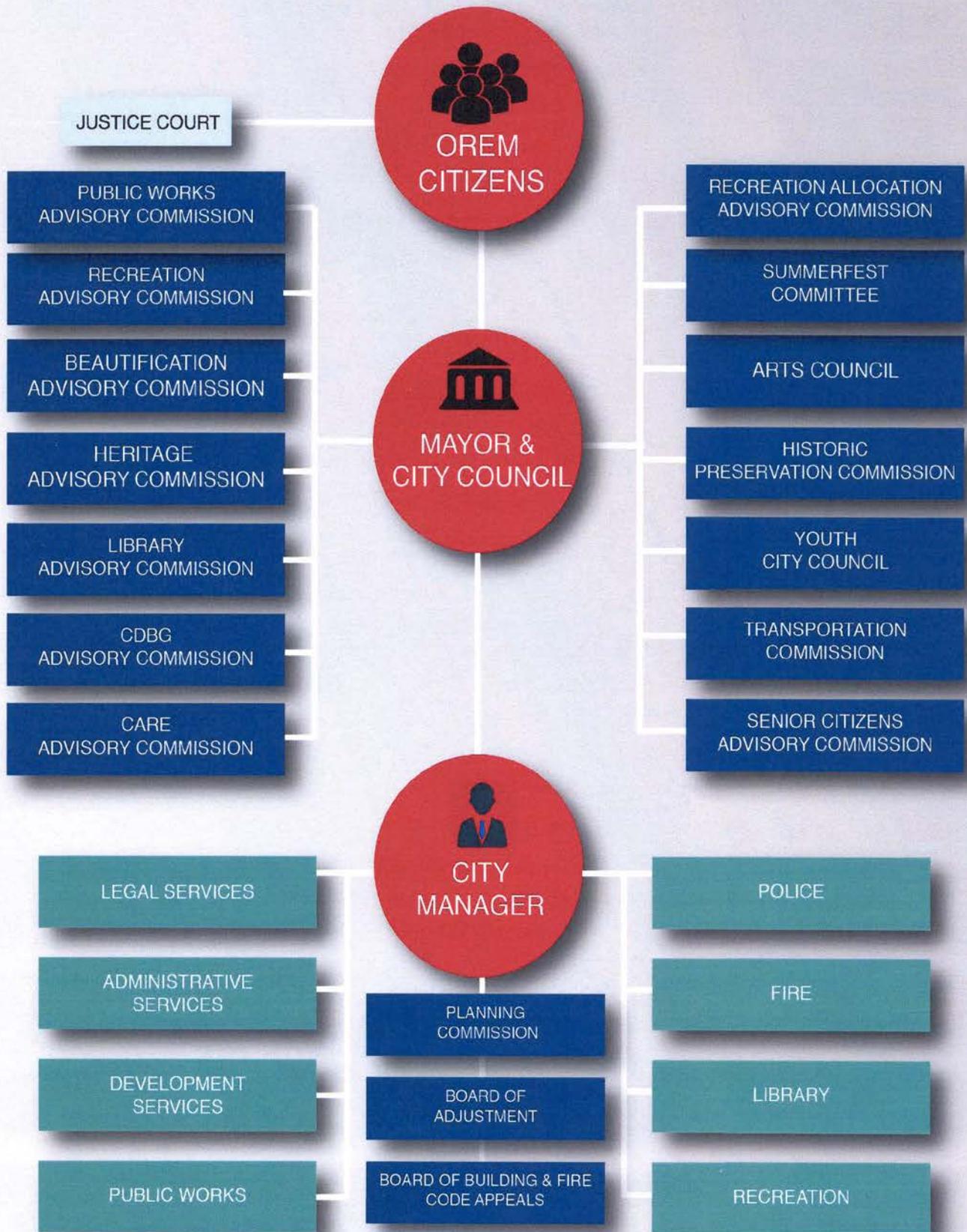
Director of Library Services Charlene M. Crozier

Fire Chief M. Scott Gurney

Police Chief Gary K. Giles

Director of Public Works Chris R. Tschirki

Director of Recreational Services Karl R. Hirst





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

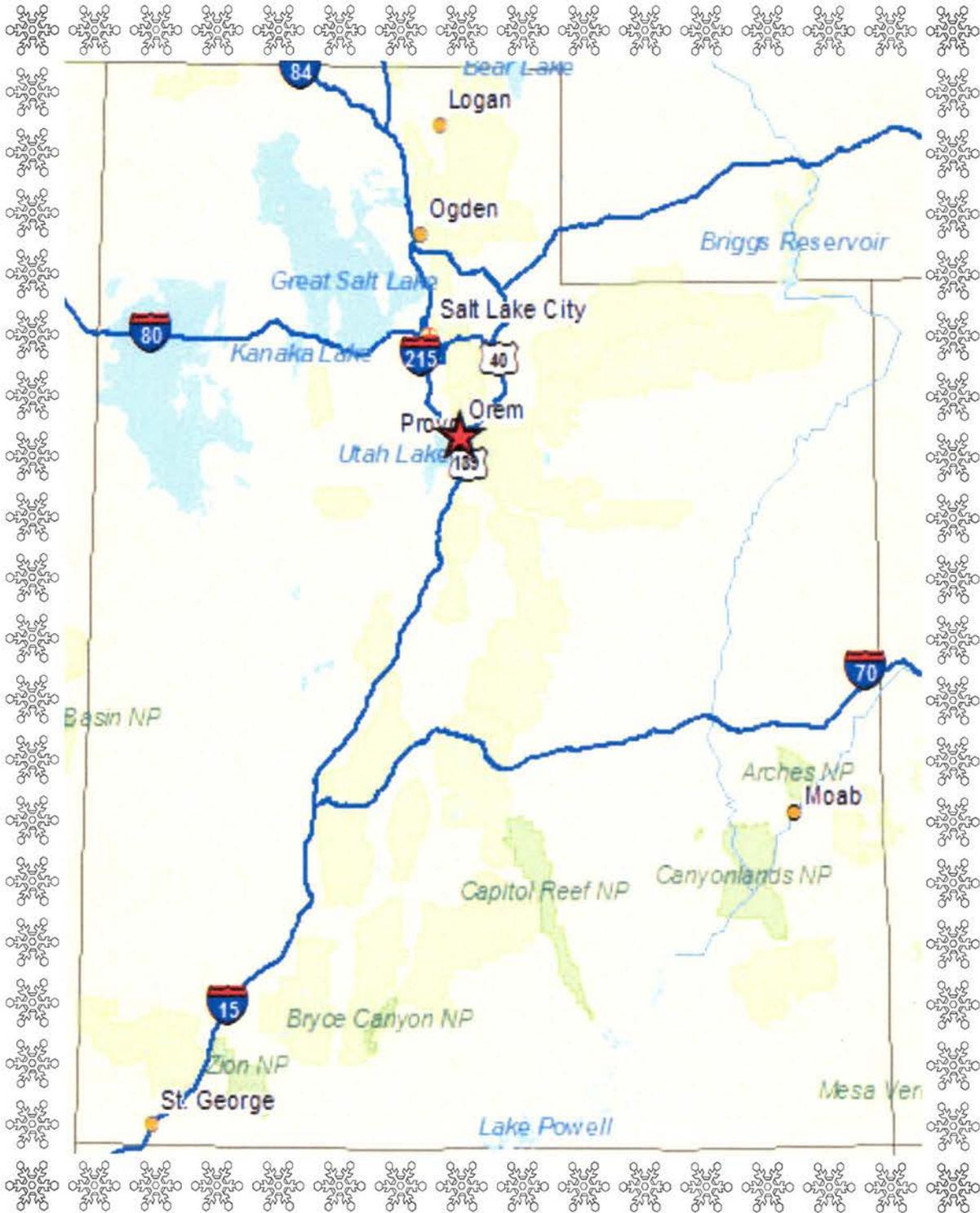
City of Orem
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

STATE OF UTAH



FINANCIAL SECTION



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Orem, as of June 30, 2015 and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Partial Comparative Prior Period Financial Statements

The prior year partial comparative information has been derived from the City's June 30, 2014 financial statements which were audited by other auditors; whose report dated December 3, 2014, expressed an unqualified opinion on those financial statements.

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Emphasis of Matter

As discussed in Note 5. (H) to the financial statements, in 2015 the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment to GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, budgetary comparisons, and capital assets as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, budgetary comparisons, and capital assets are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

December 1, 2015

MD & A

City of Orem
Management's Discussion and Analysis
June 30, 2015

The City of Orem's management presents this overview and analysis of its financial activities for the fiscal year ended June 30, 2015. This discussion and analysis focuses on significant financial issues, provides an overview of the City's financial activity, highlights significant changes in the City's financial position, and identifies material variances between the approved budget and actual spending.

The City encourages readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal and provided throughout this report.

Financial Highlights

- As of the end of the current fiscal year, the government-wide assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$236,378,103 (total net position). Of this amount, \$33,085,705 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net position consists of \$180,622,305 in net investment in capital assets, \$22,670,093 in restricted assets, and \$33,085,705 in unrestricted assets. Total government-wide net position increased by 3.48%.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,889,464. Of this amount, \$12,747,875 (29.72%) is available for spending at the City's discretion (unassigned fund balance).
- As of the end of the current fiscal year, the City's governmental funds reported an increase in total fund balance of \$9,244,771 compared to the prior year's decrease of \$1,041,282. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- As of the end of the current fiscal year, the City's enterprise funds reported an increase in total net position of \$5,242,999 compared to the prior year's increase of \$3,937,460. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- During the current fiscal year, the City accepted the completed \$2.5 million Palisade Park project, purchased 58 new Self-contained Breathing Apparatus (SCBA) units for the City's fire department personnel, completed the \$3 million water pipeline project, and completed work on the \$1.2 million ultra-violet disinfection system at the water reclamation plant.

Overview of the Financial Statements

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

City of Orem
Management's Discussion and Analysis
June 30, 2015

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 Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the four reported as *net position*. Over time, increases or decreases in net position 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 position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus 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 service 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 (which includes the 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.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds.* These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better

City of Orem
Management's Discussion and Analysis
June 30, 2015

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 insurance, and procuring and warehousing supplies and materials. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

City of Orem
Management's Discussion and Analysis
June 30, 2015

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As mentioned in the highlights section, assets exceeded liabilities and deferred inflows by \$236,378,103 at June 30, 2015.

By far the largest portion of the City's net position (76.41%) 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 Total Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 63,982,110	\$ 58,861,558	\$ 23,683,989	\$ 22,554,183	\$ 87,666,099	\$ 81,415,741
Noncurrent Assets	147,031,347	146,156,721	85,637,691	83,679,518	232,669,038	229,836,239
Total Assets	211,013,457	205,018,279	109,321,680	106,233,701	320,335,137	311,251,980
Deferred Outflows of Resources	2,427,448	146,846	1,209,070	1,166,751	3,636,518	1,313,597
Total Assets & Deferred Outflows of Resources	<u>\$ 213,440,905</u>	<u>\$ 205,165,125</u>	<u>\$ 110,530,750</u>	<u>\$ 107,400,452</u>	<u>\$ 323,971,655</u>	<u>\$ 312,565,577</u>
Long-term Liabilities Outstanding	\$ 33,400,979	\$ 31,293,182	\$ 32,254,074	\$ 33,188,226	\$ 65,655,053	\$ 64,481,408
Other Liabilities	8,448,418	8,289,199	2,747,813	4,115,476	11,196,231	12,404,675
Total Liabilities	41,849,397	39,582,381	35,001,887	37,303,702	76,851,284	76,886,083
Deferred Inflows of Resources	10,553,154	8,676,355	189,114	-	10,742,268	8,676,355
Net Position:						
Net Investment in Capital Assets	125,400,639	119,632,622	55,221,666	51,205,761	180,622,305	170,838,383
Restricted	20,943,664	19,222,811	1,726,429	2,459,159	22,670,093	21,681,970
Unrestricted	14,694,051	18,050,956	18,391,654	16,431,830	33,085,705	34,482,786
Total Net Position	161,038,354	156,906,389	75,339,749	70,096,750	236,378,103	227,003,139
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 213,440,905</u>	<u>\$ 205,165,125</u>	<u>\$ 110,530,750</u>	<u>\$ 107,400,452</u>	<u>\$ 323,971,655</u>	<u>\$ 312,565,577</u>

A portion of the City of Orem's net position (9.59%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net position (\$33,085,705) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, there were no funds reporting a deficit in unrestricted net position.

City of Orem
Management's Discussion and Analysis
June 30, 2015

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

Comparing the current fiscal year to the prior fiscal year, the City's net position increased by \$7,939,355 (3.48%). Total revenues increased by \$6,483,551 (7.19%), primarily due to increases in sales taxes of \$908,590 (4.58%) and charges for services of \$3,601,119 (8.01%). Total expenses decreased \$5,497,228 (6.54%). Details related to these changes are described later in this section of the report under governmental and business-type activities. The following is a summary of the changes in net position:

City of Orem's Change in Net Position

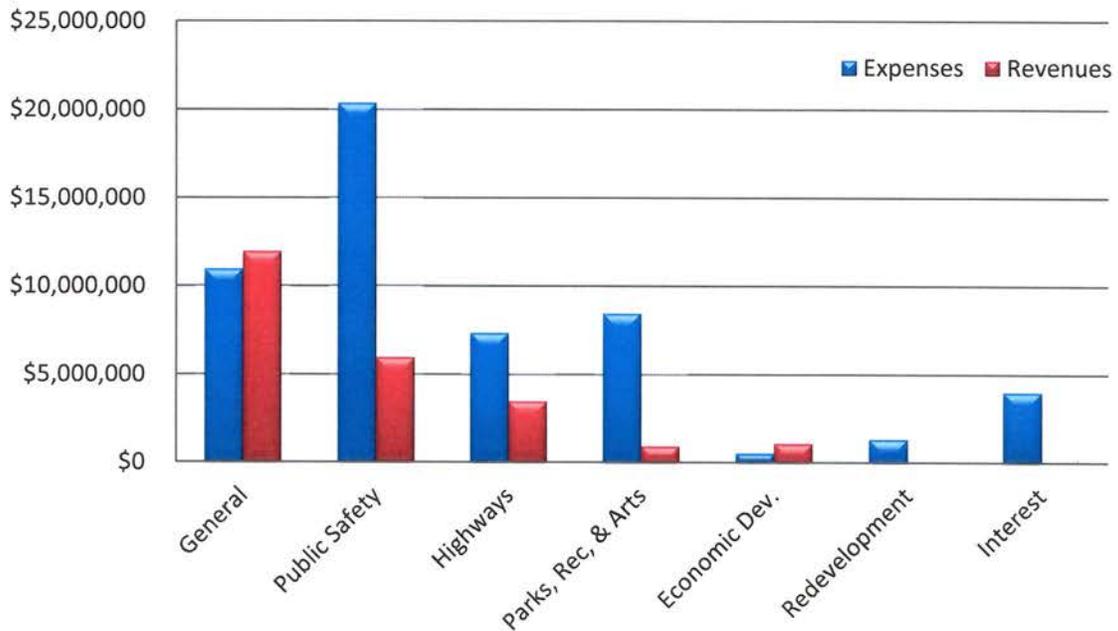
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 17,967,935	\$ 15,391,041	\$ 30,536,118	\$ 29,576,818	\$ 48,504,053	\$ 44,967,859
Operating Grants and Contributions	1,332,898	1,271,755	-	-	1,332,898	1,271,755
Capital Grants and Contributions	4,017,121	2,413,909	591,886	723,964	4,609,007	3,137,873
General Revenues:						
Sales Taxes	20,727,557	19,818,967	-	-	20,727,557	19,818,967
Property Taxes	9,839,669	11,065,522	-	-	9,839,669	11,065,522
Other Taxes	8,527,628	9,359,261	-	-	8,527,628	9,359,261
Other	2,941,636	476,449	207,615	108,826	3,149,251	585,275
Total Revenues	<u>65,354,444</u>	<u>59,796,904</u>	<u>31,335,619</u>	<u>30,409,608</u>	<u>96,690,063</u>	<u>90,206,512</u>
Expenses:						
General Government	10,948,663	12,398,443	-	-	10,948,663	12,398,443
Public Safety	20,363,836	20,927,444	-	-	20,363,836	20,927,444
Highways and Public Improvements	7,360,050	7,583,113	-	-	7,360,050	7,583,113
Parks, Recreation & Arts	8,448,553	8,415,399	-	-	8,448,553	8,415,399
Economic and Physical Development	513,855	815,708	-	-	513,855	815,708
Redevelopment	1,320,100	1,305,271	-	-	1,320,100	1,305,271
Interest on Long-Term Debt	3,990,714	6,585,839	-	-	3,990,714	6,585,839
Water	-	-	10,460,803	10,765,320	10,460,803	10,765,320
Water Reclamation	-	-	6,268,592	6,597,101	6,268,592	6,597,101
Storm Sewer	-	-	2,444,269	2,401,066	2,444,269	2,401,066
Recreation	-	-	1,949,301	1,716,490	1,949,301	1,716,490
Solid Waste	-	-	3,139,688	3,207,627	3,139,688	3,207,627
Street Lighting	-	-	1,297,064	1,283,895	1,297,064	1,283,895
Total Expenses	<u>52,945,771</u>	<u>58,031,217</u>	<u>25,559,717</u>	<u>25,971,499</u>	<u>78,505,488</u>	<u>84,002,716</u>
Change in Net Position before Transfers	12,408,673	1,765,687	5,775,902	4,438,109	18,184,575	6,203,796
Transfers In (Out)	532,903	500,649	(532,903)	(500,649)	-	-
Change in Net Position	<u>12,941,576</u>	<u>2,266,336</u>	<u>5,242,999</u>	<u>3,937,460</u>	<u>18,184,575</u>	<u>6,203,796</u>
Net Position - Beginning, As Previously Reported	148,096,778	154,640,053	70,096,750	67,594,899	218,193,528	222,234,952
Restatement of Net Position	-	(8,809,611)	-	(1,435,609)	-	(10,245,220)
Net Position - Beg., As Restated	<u>148,096,778</u>	<u>145,830,442</u>	<u>70,096,750</u>	<u>66,159,290</u>	<u>218,193,528</u>	<u>211,989,732</u>
Net Position - Ending	<u>\$ 161,038,354</u>	<u>\$ 148,096,778</u>	<u>\$ 75,339,749</u>	<u>\$ 70,096,750</u>	<u>\$ 236,378,103</u>	<u>\$ 218,193,528</u>

City of Orem
Management's Discussion and Analysis
June 30, 2015

Governmental activities. Governmental activities increased the City of Orem's net position by \$12,941,576 (8.74%). This is an increase of \$10,675,240 from the prior year. Total revenues increased by \$5,557,540 (9.29%). In General Revenues, sales taxes increased \$908,590 (4.58%), property and other taxes decreased \$2,057,486 (10.07%), and other general revenues increased \$2,465,187 (517.41%). Charges for services increased \$2,576,894 (16.74%), primarily due to increased building permit fees, plan check fees, and cemetery lot sales and burial fees. Total expenses decreased by \$5,085,446 (8.76%), primarily due to recording an allowance for bad debt for the remaining portion of the Utopia note receivable in the prior year and a decrease in personnel costs in the current year due to the new accounting pronouncement relating to pensions.

The following graph displays the governmental activities reflected in the table "City of Orem's Change in Net Position". Note that the graph does not include general revenues of \$42,036,490 because these revenues are not specific to a particular department.

Program Expenses & Revenues - Governmental Activities
For Fiscal Year Ending June 30, 2015



City of Orem
Management's Discussion and Analysis
June 30, 2015

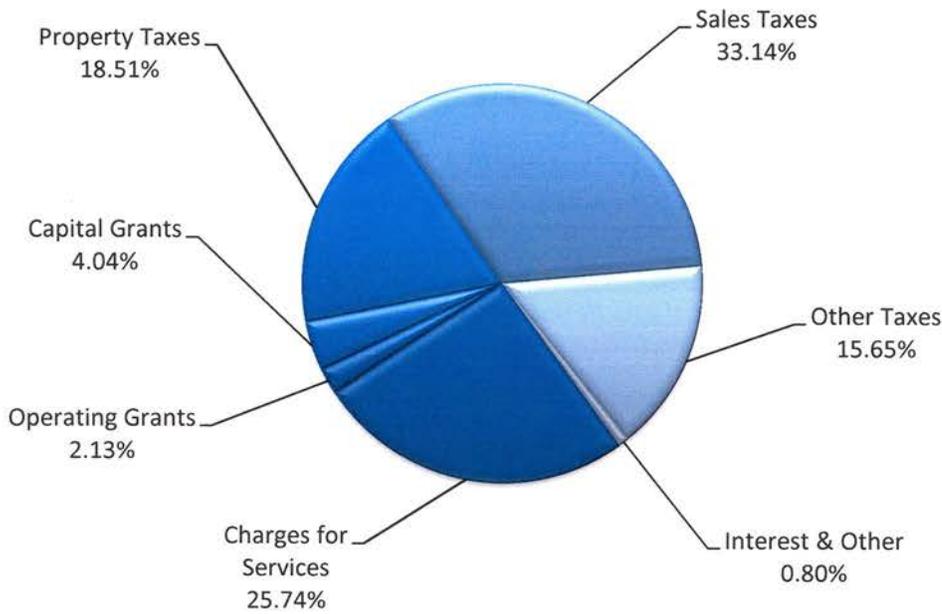
Key elements affecting the change in governmental activities net position are as follows:

- Total revenues increased by \$5,557,540 (9.29%).
- Charges for services revenues increased \$2,576,894 (16.74%). This was due primarily to a large amount of construction activity going on throughout the city. This construction activity increased building permit fees by \$1,077,947 (140.43%), plan check fees by \$571,364 (122.30%), and other construction related fees by \$226,468 (91.81%). Other increases included cemetery lot sales and burial fees totaling \$138,497 (22.48%), and \$443,860 in fire safety premium tax revenue added as part of the new pension pronouncement changes (as provided to us by Utah Retirement Systems (URS)).
- Capital grants and contributions revenues increased \$1,603,212 (66.42%). This increase is primarily due to a multi-agency ITS fiber project funded primarily by a federal highway grant of approximately \$952,000, a large HUD Community Development Block Grant (CDBG) of \$468,160 for an infrastructure project in a low-income area of the city, and to an increase in B&C Road grants received of \$131,201 (5.53%).
- General revenues increased by \$1,316,291 (3.23%). Sales tax revenues increased by \$908,590 (4.58%). Other general revenues increased by \$2,465,187 (517.41%) due to a \$2.5 million land trade agreement that resulted in the City selling certain property it owned in exchange for a fully completed and functional park. However, the previously mentioned increases were reduced by decreased property taxes in the Redevelopment Agency (RDA) of \$1,409,135 (36.95%) due to the expiration of several RDA districts' regular tax increments and a decrease in franchise taxes of \$258,093 (3.24%).
- Total expenses decreased by \$5,085,446 (8.76%).
- Personnel costs across all expense categories decreased, in total, by approximately \$1.3 million in the current fiscal year due to the new accounting pronouncement relating to pensions. The reduction in pension expenses was due to a good market recovery by December 31, 2014. This market improvement affects the outstanding pension liability of the City by reducing the liability as well as pension expense.
- General government expenses were lower than the prior fiscal year partly due to a decrease of approximately \$425,000 in OPEB expense related to retiree healthcare costs. The prior fiscal year had approximately \$520,000 of expense compared to the current year amount of \$95,000.
- Interest on long-term debt decreased, in large part, due to recording an allowance for bad debt for the remaining portion (\$2,473,531) of the Utopia debt note receivable in the prior year. No additional allowance for bad debt expense was necessary in the current fiscal year as the allowance for bad debt total is now equal to the entire Utopia debt note receivable balance.

City of Orem
Management's Discussion and Analysis
June 30, 2015

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

Revenues by Source - Governmental Activities
For Fiscal Year Ending June 30, 2015

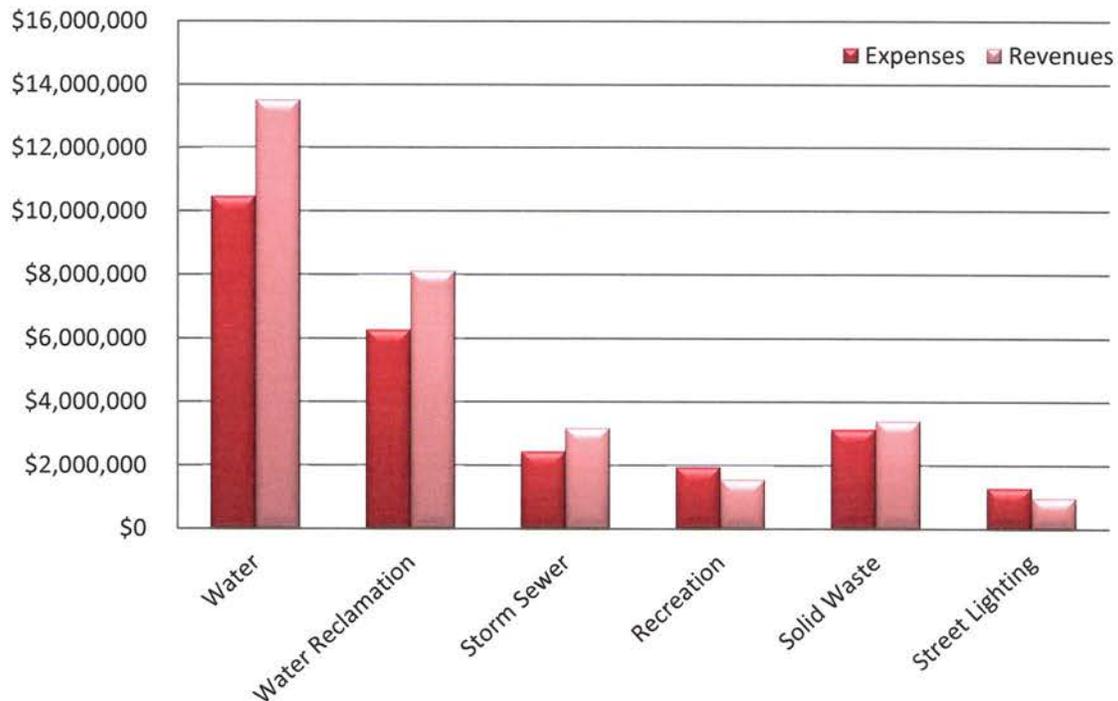


Business-type activities. Business-type activities increased the City's net position by \$5,242,999. The increase in net position represents a 7.48% increase for the current year. Total revenues increased by \$926,011 (3.05%) and total expenses decreased by \$411,782 (1.59%). As of the end of the current fiscal year, all of the City's business-type activities reported a positive net position.

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

**City of Orem
Management's Discussion and Analysis
June 30, 2015**

**Program Expenses & Revenues - Business-type Activities
For Fiscal Year Ending June 30, 2015**

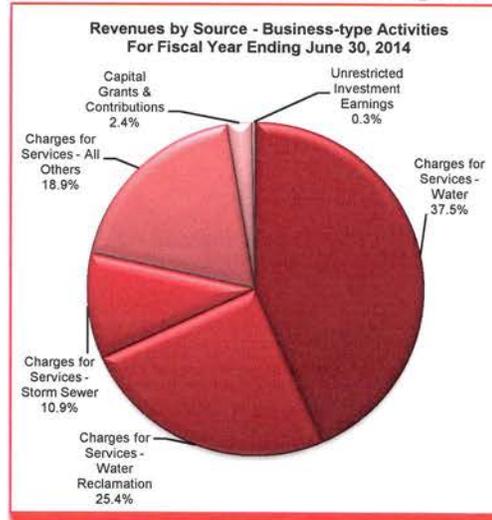


Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported increased total revenues over the prior year of \$926,011 (3.05%). Total revenues increased or decreased as follows:
 - Water fund total operating revenues increased by \$224,175 or 1.70%. There was a 1.83% increase in the base rate which caused Charges for Services revenue to increase by \$118,714 (1.09%). This increase in base rate revenues was partially offset by a 4.2% decrease in water consumption. The City had approximately \$200,000 in increased Equivalent Water Rights Impact Fee (EWRIF) payments from the Town of Vineyard related to the rapid construction growth in an area of Vineyard serviced by the City of Orem.

City of Orem
Management's Discussion and Analysis
June 30, 2015

- Water Reclamation fund total operating revenues increased by \$486,455 or 6.47%. Charges for Services revenues decreased by \$4,869 (0.08%). This decrease was due to overall consumption decreasing by 0.3%. Other Revenues increased by \$491,324 (45.88%) due to sewer connection fees which increased by \$757,043 (362.23%). Sewer connection fees increased significantly due to several very large housing projects beginning construction.
- Storm Sewer fund total operating revenues increased by \$66,847 or 2.15%. Charges for Services increased by \$95,173 (3.13%) due to a \$0.25 rate increase in billable “equivalent service units (ESU)” and because billed ESU’s increased by 0.50%. However, Other Revenues decreased by \$28,326 primarily due to a billing error reimbursement being completed in December of 2014.
- Recreation fund total operating revenues increased by \$177,634 or 12.97%, due primarily to an increase of \$200,855 (27.68%) in daily admissions and passes at the fitness center. In late October of 2013, the fitness center began a pool renovation and addition project which severely limited its availability to the public as many patrons decided to visit other nearby fitness centers/pools and/or obtained memberships at private gyms. The renovation was completed in early July of 2014. Thus, the current fiscal year was positively impacted by the re-opening.



The graph above displays the business-type activities revenues by source. The information reflected in this graph comes from the “City of Orem’s Change in Net Position” table shown previously.

- Business-type activities reported a decrease in total expenses from the prior year of \$411,782 (1.59%). Total expenses increased or decreased as follows:

City of Orem
Management's Discussion and Analysis
June 30, 2015

- Personnel costs decreased by \$162,099 (2.87%). The decrease is due to the new accounting pronouncement relating to pensions. This new pronouncement resulted in pension expense decreases of \$474,014. Personnel costs without the effects of the pension changes actually increased by \$311,915. The fitness center renovation caused a decrease in personnel needs in the prior fiscal year but returned to full staff in July of 2014 when the renovations were completed. Thus, personnel costs for the current fiscal year increased by \$104,959. The remaining increase was primarily due to wage and benefit increases.
- Utility costs increased by \$144,786 (7.72%). The recent fitness center renovation and improvements resulted in an increase in power costs of \$38,351 and natural gas costs of \$88,732. Some of this increase was undoubtedly due to the fitness center pool being renovated rather than being used in the prior year as well as just having a larger facility and pool. However, it appears the natural gas meter that was replaced as part of the renovation was faulty causing billed charges to be less than they should have been over a number of years.
- Contracted Services costs increased by \$195,376 (2.84%). The increase was due to higher water servicing costs of \$71,843 due to the extensive construction growth in the Town of Vineyard. The City's utility master plans began being developed in the latter part of the prior fiscal year. They continued to be developed and refined through the current fiscal year which increased costs by \$165,464.
- Depreciation expense increased by \$136,636 (3.21%) as one large storm sewer capital project was completed near the end of the prior fiscal year resulting in a full year of depreciation expense in the current fiscal year instead of a much smaller amount in the prior fiscal year. The Williams Farm storm drain and detention basin project had a cost of approximately \$1.5 million and was the project primarily responsible for the increase in depreciation expense.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's

City of Orem
Management's Discussion and Analysis
June 30, 2015

financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,889,464. Of this total amount, \$12,747,875 (29.72%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance increased from the prior year by \$2,674,517. The remaining fund balance of \$30,141,589 is "reserved" in one capacity or another indicating that it is not available for new spending because it has already been committed to pay debt service or a variety of other purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, *unassigned fund balance* of the general fund was \$12,747,875 and total fund balance increased to \$22,002,231. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27.44% (prior year was 23.05%) of total general fund expenditures, while total fund balance represents 47.36% (prior year was 40.59%) of that same amount.

General Fund - Total fund balance increased by \$4,259,961 in the current fiscal year (the prior year had an increase of \$4,168,735). Thus, there was a positive variance from the prior year of \$91,226. The following elements were key factors contributing to the total fund balance increase:

- Increased total revenues of \$4,122,627 are primarily due to an increase in taxes and special assessments of \$1,779,218. The increase in taxes and special assessments is primarily due to increased sales tax revenues of \$823,483 (4.57%). Licenses and permits revenues increased by \$1,087,621 (75.68%) due to a significant increase in building permits related to several large residential complexes currently under construction. Charges for services revenues increased by \$1,219,164 (19.99%) due mainly to the increase in building and planning type service fees of \$764,661 (127.77%) and cemetery lot sales and burial fees of \$138,497 (22.48%).
- Total expenditures increased by \$2,751,131 (6.29%). Capital outlays increased by \$2,650,273 (85.64%) and parks, recreation and arts increased by \$480,847 (8.50%). Capital outlay expenditures increased due almost entirely to the completion and acceptance of a new \$2.5 million park. The new park was created as part of a land lease relinquishment agreement. The agreement resulted in the City relinquishing its lease rights (note the amount in proceeds from lease relinquishments in the other financing sources (uses) section of the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 40) on certain golf course property it owned in order to receive a fully completed and functional park in return. Parks, recreation, and arts expenditures increased as the result of higher personnel costs due to general pay and benefit increases and because the library director position was vacant for nine months of the prior fiscal year.

City of Orem
Management's Discussion and Analysis
June 30, 2015

- Net transfers had a negative variance from the prior year of \$3,959,981. The negative variance was due primarily to transfers of \$3,789,170 to the Capital Projects Fund in the current year while nothing was transferred in the prior year.

Debt Service Fund - Total fund balance is \$2,254,606, all of which is to be used for the payment of debt service. There was a net increase in fund balance in the current year of \$812,869 (56.38%). The increase is due primarily to additional special improvement district revenue (\$720,000) received near the end of the current fiscal year but that is to be used in the following fiscal year to retire outstanding debt related to that district early.

Redevelopment Fund - Total fund balance is \$8,899,316, all of which is to be used for improvements in redevelopment (blighted) areas of the city. There was a net decrease in fund balance in the current year of \$178,689 (1.97%). The decrease was due to several of the project areas beginning to expire and thus, the property tax collections related to these expiring project areas were significantly reduced compared to the prior year.

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

Water Fund - Unrestricted net position at the end of the year amounted to \$9,156,952, an increase of \$475,681 (5.48%). Total net position increased by \$2,754,322 (8.73%) during the current fiscal year. Operating revenues increased by \$224,175 (1.70%). There was a 1.83% increase in the base rate which increased charges for services revenues by \$118,714 (1.09%). The increased base rate revenues were partially offset by a 4.20% decrease in actual water consumption. The City also received approximately \$200,000 more Equivalent Water Rights Impact Fees (EWRIF) from the Town of Vineyard related to construction growth in an area serviced by the City. Operating expenses decreased by \$193,409 (1.91%) in comparison with the prior year. The primary cause of this decrease was a change in the administrative fees charged by the General Fund. The fee was re-evaluated and lowered significantly (\$235,732) based upon discussions and analysis with public works department management.

Water Reclamation Fund - Unrestricted net position at the end of the year amounted to \$4,752,959, an increase of \$678,062 (16.64%). Total net position increased by \$1,764,041 (8.38%) during the current fiscal year. Operating revenues increased by \$486,455 (6.47%). This increase was due to increased sewer connection fees due to several very large housing projects beginning construction. Operating expenses decreased by \$320,342 (4.87%) in comparison with the prior year. The decrease in expenses is primarily due to the new accounting pronouncement related to pensions. This new pronouncement resulted in pension expense decreases of \$161,184. The remaining decrease was due to a change in the administrative fees charged by the General Fund. The fee was re-evaluated and lowered significantly (\$209,642) based upon discussions and analysis with public works department management.

City of Orem
Management's Discussion and Analysis
June 30, 2015

Storm Sewer Fund - Unrestricted net position at the end of the year amounted to \$3,225,265, an increase of \$634,090 (24.47%). Total net position increased by \$622,222 (4.40%) during the current fiscal year. Operating revenues increased by \$66,847 (2.15%), due to a \$0.25 increase in the billable "equivalent service units (ESU)" rate and a 0.50% increase in ESU's billed. Operating expenses increased by \$97,478 (4.37%) in comparison with the prior year. Depreciation expense increased by \$110,391 as a large capital project that was completed near the end of the prior fiscal year had a full year of depreciation in the current fiscal year. Contract services also increased by \$80,272 primarily due to costs related to the storm sewer master plan study that began near the end of the prior fiscal year and will not be completed until after the current fiscal year. These increases were partially offset by decreases due to the new pension accounting pronouncement. This new pronouncement resulted in pension expense decreases of \$69,193. Another decrease was a change in the administrative fees charged by the General Fund. The fee was re-evaluated and lowered significantly (\$75,320) based upon discussions and analysis with public works department management.

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 \$48,582,756 to a final budget of \$58,487,201, an increase of \$9,904,445 (20.39%). The changes to the General Fund budget are briefly summarized as follows:

- Various public safety grants received during the year totaled \$707,384.
- The library received several grants during the year totaling \$67,543. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$23,240.
- Various capital project, equipment, and other accounts were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$1,369,556.
- 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 \$385,016.
- Various outstanding road projects were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$953,808.
- The City transferred \$3,789,170 to the Capital Projects Fund. A portion of this transfer, \$2,795,000 was an appropriation of surplus funds in order to stay within the State of Utah's General Fund fund balance limitation. The remaining portion of the transfer, \$994,170, was due to refunding two general obligation bonds with the new bonds structured in a way that the savings would be realized in the current fiscal year. These savings are to be used for road improvements and thus, the funds were transferred to the Capital Projects Fund to accommodate this purpose.

City of Orem
Management's Discussion and Analysis
June 30, 2015

- A capital lease purchase of a new IT server increased the budget in the current fiscal year by \$64,113.
- A property lease owned by the City was relinquished for \$2.5 million and was added to the current fiscal year's budget.

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

- Taxes and Special Assessment Revenues – Revenues – Actual amount was higher than the budgeted amount by \$1,459,220 (4.49%). Sales tax revenues exceeded budget for the current year by \$630,809. Property tax collections exceeded budget for the current year by \$1,154,073. This was due to the general obligation debt refunding and restructuring that allowed the City to accelerate the savings so they could all be realized in the current fiscal year. The property taxes received in the current fiscal year would normally have been transferred to the Debt Service Fund to pay the debt payments on the two refunded bonds.
- Licenses and Permits – Revenues – Actual amount was higher than the budgeted amount by \$1,324,794 (110.40%). Almost all of the amount that exceed budget was due to building permit revenues. These revenues were higher than budget as several very large residential complexes began construction in the current fiscal year.
- Charges for Services – Revenues – Actual amount was higher than the budgeted amount by \$1,595,595 (27.89%). Cemetery lot sales and burial fees exceeded budget \$234,678; plan check, planning, and building permit fast track fees exceeded budget by \$738,551, \$97,583, and \$36,855, respectively; and ambulance service revenues exceeded budget by \$141,436.
- General Government – Expenditures – Actual amounts were lower than budgeted by \$1,605,144 (11.92%). The City elected to withhold payment to the Utah Infrastructure Agency (UIA) for operating expenses which resulted in unspent budget of \$433,414. Various facility maintenance projects were not able to be completed leaving \$134,662 in unspent budget funds. The Information Technology (IT) division did not replace a part-time position by fiscal year end which saved approximately \$72,000. Other IT division costs such as telephone, maintenance, software licensing, computer purchases, and network upgrades were lower than budget by approximately \$164,174. Employee benefit costs were lower than budget by \$108,502.
- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$1,764,783 (7.81%). A portion of the variance, \$526,853, is due to lower than expected regular pay, overtime and fringe benefits as all positions are fully funded even though employee turnover regularly occurs leaving gaps in positions being occupied. There was also \$746,117 of fire division vehicles and/or equipment that did not get purchased by the end of the fiscal year but was budgeted.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$1,429,770 (24.23%). Most of this variance can be attributed to various street overlay/reconstruction

City of Orem
Management's Discussion and Analysis
June 30, 2015

projects, slurry seal projects, micro-surfacing, and street striping projects that were not completed by fiscal year end but are expected to be completed in the next fiscal year.

- Parks, Recreation, and Arts – Expenditures – Actual amounts were lower than budgeted by \$825,793 (8.47%). Personnel costs were lower than budgeted by approximately \$194,000 due primarily to not filling a vacant urban forester position and several library positions for some of the fiscal year. There were also several budgeted equipment purchases and capital projects that had funds remaining totaling approximately \$265,000.

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, 2015, amounts to \$232,163,500 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment (including vehicles and office equipment), infrastructure, intangibles, and construction in progress.

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

- Public safety purchased ten new vehicles totaling \$306,337 and one new ambulance for \$141,184. The fire department purchased 58 new Self-contained Breathing Apparatus' (SCBA) for \$471,908.
- The parks division purchased four new vehicles totaling \$85,029, a new utility vehicle for \$11,927, a gang mower for \$75,230, and two new large mowers totaling \$12,317.
- The IT division purchased a new server via a capital lease for \$64,113 and spent an additional \$16,540 on new core switching equipment.
- Various road and traffic signal projects completed or added to construction in process were approximately \$652,000. One new vehicle was purchased by the streets division totaling \$63,881 as well as a new asphalt paver totaling \$98,509.
- The traffic division purchased a new aerial lift vehicle for \$88,455. The division is also involved in a multi-agency ITS fiber project funded primarily by a federal highway grant. The project has expended approximately \$952,000 to date.
- A new park was completed and accepted by the City. The park was part of a land lease relinquishment agreement and the total asset value added to capital assets was \$2,500,000.
- Two carpet replacement projects took place in the current fiscal year at the senior center and the children's section of the library. These two projects totaled \$171,982.
- Several large waterline projects were completed or added to construction in process totaling \$3,573,690. They also purchased three new vehicles totaling \$142,119.
- The water reclamation division completed the ultra-violet disinfection project at the plant and added an additional \$573,306 in construction

City of Orem
Management's Discussion and Analysis
June 30, 2015

costs to the asset. Several sewer line projects were completed or added to construction in process totaled \$392,574. They purchased one new vehicle totaling \$45,468, a new Vactor jet-rodder truck for \$369,290, a new loader for \$128,574, and various other equipment totaling approximately \$150,000.

- The storm sewer division purchased a new street sweeper for \$174,493, a new dump truck for \$94,893, and a new riding mower for \$14,380. Storm sewer projects added to the City's infrastructure for the current fiscal year totaled \$14,317.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
	Land	\$ 61,129,345	\$ 59,505,613	\$ 2,508,474	\$ 2,508,474	\$ 63,637,819
Buildings and Systems	15,470,407	12,544,107	1,495,066	1,690,277	16,965,473	14,234,384
Improvements other than Buildings	10,888,847	11,089,335	6,712,486	7,295,364	17,601,333	18,384,699
Machinery and Equipment	4,968,315	4,118,735	2,765,013	2,189,769	7,733,328	6,308,504
Infrastructure	52,259,058	54,736,624	66,514,867	68,186,418	118,773,925	122,923,042
Construction in Progress	1,811,862	4,162,307	4,664,390	833,846	6,476,252	4,996,153
Intangibles	-	-	975,370	975,370	975,370	975,370
Total Capital Assets	\$ 146,527,834	\$ 146,156,721	\$ 85,635,666	\$ 83,679,518	\$ 232,163,500	\$ 229,836,239

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 71-73.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$50,144,000. Of this amount, \$11,830,000 comprises debt backed by the full faith and credit of the government and \$38,314,000 is debt (i.e. revenue bonds) that is secured solely by specific revenue sources such as sales taxes, franchise taxes, water revenues, water reclamation revenues, and storm sewer revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
	General Obligation Bonds	\$ 11,830,000	\$ 12,550,000	\$ -	\$ -	\$ 11,830,000
Revenue Bonds	7,900,000	12,594,000	30,414,000	32,473,757	38,314,000	45,067,757
Total Bonds	\$ 19,730,000	\$ 25,144,000	\$ 30,414,000	\$ 32,473,757	\$ 50,144,000	\$ 57,617,757

City of Orem
Management's Discussion and Analysis
June 30, 2015

The City's total bonded debt decreased by \$7,473,757 (12.97%) during the current fiscal year. During the year, \$9,645,000 in 2014 General Obligation Refunding bonds were issued which extinguished \$5,920,000 of 2005 Series and \$3,730,000 of 2006 Series General Obligation bonds. The terms of the new bonds matches the term of the 2005 & 2006 Series refunded bonds which were both set to expire in December 2024. The City was also able to retire its remaining special assessment debt (\$2,881,000) for the Midtown Village SID. Furthermore, the City made its final debt payment on the 2012 Sales Tax Revenue Refunding bonds and 1995 Water Quality bonds.

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

State statutes limit the amount of general obligation debt for general purposes a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$273,693,527, which is significantly in excess of the City's outstanding general obligation debt for general purposes. In addition, state statutes allow for an additional 4% to be used for water, sewer, or electrical projects. Thus, the current limitation for general obligation debt for water, sewer, or electrical projects is also \$273,693,527. The City currently has no outstanding general obligation debt for these types of projects. Thus, the resulting total debt limit is 8% of total taxable value or \$547,387,054. More detailed information can be found on pages 162-163.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 75-83.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Orem at June 30, 2015 was 3.5%. The City's unemployment rate compares favorably to the national rate of 5.5%. The City has a relatively high technology based workforce comparative to other areas of the county and state which can be impacted (for good or bad) to a slightly higher degree than many other workforce groups in the economy. The table on the following page provides current year comparative information as well as a historical perspective. (Source: U.S. Bureau of Labor Statistics).

HISTORICAL ANNUAL UNEMPLOYMENT RATES

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City	8.5%	6.4%	5.3%	3.9%	3.5%
County	7.8%	6.1%	5.3%	4.0%	3.6%
State	7.8%	6.2%	5.2%	3.9%	3.8%
Nation	9.2%	8.2%	7.6%	6.3%	5.5%

City of Orem
Management's Discussion and Analysis
June 30, 2015

- The General Fund budget for the fiscal year ending June 30, 2016 reflects a decrease of \$4,021,485 or 6.99% in revenues, excluding appropriations of surplus, compared to the final actual revenues for the fiscal year ending June 30, 2015. The decrease in revenues is due primarily to a decrease in intergovernmental revenues (primarily grants) and various charges for services. Budgeted expenditures increased by \$238,476 or 0.45% over the final fiscal year ending June 30, 2015, expenditures. Most of this is due to personnel cost increases and additional capital projects and acquisitions.
- Economic trends in the region continue to compare favorably to national indices. Sales tax revenues continue to increase in comparison to the prior year. Building permits continue to be stable due to significant construction growth within the City. Emergency communications revenues are showing small to moderate increases compared to equivalent prior year time periods. These increases are being monitored very closely so that the City can identify what future construction projects or anticipated spending may be able to be added should these trends continue.

All of these factors were considered in preparing the City's budget for the 2015-2016 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.

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**BASIC
FINANCIAL
STATEMENTS**

City of Orem
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 27,495,202	\$ 19,000,998	\$ 46,496,200
Receivables (Net of Allowance for Uncollectibles)	659,501	2,958,587	3,618,088
Property and Other Taxes Receivable	8,993,149	-	8,993,149
Special Assessments Receivable	234,286	-	234,286
Intergovernmental Receivables	774,118	-	774,118
Inventory	431,070	-	431,070
Notes Receivable	304,314	-	304,314
Assets Acquired for Resale	241,000	-	241,000
Prepaid Expenses	70,707	-	70,707
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	4,397,812	1,658,404	6,056,216
Capital Improvements	13,468,520	66,000	13,534,520
Other Purposes	1,600,126	-	1,600,126
Receivables:			
Debt Service	1,918,650	-	1,918,650
Capital Improvement Projects	2,143,069	-	2,143,069
Other Purposes	1,279,399	-	1,279,399
Net Pension Assets	474,700	2,025	476,725
Capital Assets:			
Non-depreciable Capital Assets	62,941,207	8,148,234	71,089,441
Depreciable Capital Assets (net)	83,586,627	77,487,432	161,074,059
Total Assets	<u>211,013,457</u>	<u>109,321,680</u>	<u>320,335,137</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Debt Refundings	262,547	820,888	1,083,435
Pensions	2,164,901	388,182	2,553,083
Total Deferred Outflows of Resources	<u>2,427,448</u>	<u>1,209,070</u>	<u>3,636,518</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 213,440,905</u>	<u>\$ 110,530,750</u>	<u>\$ 323,971,655</u>
LIABILITIES			
Accounts Payable	\$ 1,841,661	\$ 1,774,831	\$ 3,616,492
Customer Deposits	3,704,908	78,293	3,783,201
Accrued Liabilities	1,157,389	183,710	1,341,099
Unearned Revenues	1,539,175	424,688	1,963,863
Accrued Interest Payable	170,927	286,291	457,218
Liabilities Payable from Restricted Assets	34,358	-	34,358
Noncurrent Liabilities:			
Due within One Year	7,013,129	2,133,285	9,146,414
Due in more than One Year	26,387,850	30,120,789	56,508,639
Total Liabilities	<u>41,849,397</u>	<u>35,001,887</u>	<u>76,851,284</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenues - Property Taxes	8,496,525	-	8,496,525
Pensions	2,056,629	189,114	2,245,743
Total Deferred Inflows of Resources	<u>10,553,154</u>	<u>189,114</u>	<u>10,742,268</u>
NET POSITION			
Net Investment in Capital Assets	125,400,639	55,221,666	180,622,305
Restricted for:			
Debt Service	4,397,812	1,658,404	6,056,216
Capital Improvements	13,746,082	66,000	13,812,082
Pensions	474,700	2,025	476,725
Community Development	2,325,070	-	2,325,070
Unrestricted	14,694,051	18,391,654	33,085,705
Total Net Position	<u>161,038,354</u>	<u>75,339,749</u>	<u>236,378,103</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 213,440,905</u>	<u>\$ 110,530,750</u>	<u>\$ 323,971,655</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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 10,948,663	\$ 11,868,366	\$ 11,650	\$ -
Public Safety	20,363,836	5,229,158	697,376	11,896
Highways and Public Improvements	7,360,050	-	-	3,455,554
Parks, Recreation and Arts	8,448,553	751,427	137,468	81,511
Economic and Physical Development	513,855	118,984	486,404	468,160
Redevelopment	1,320,100	-	-	-
Interest on Long-term Debt	3,990,714	-	-	-
Total Governmental Activities	<u>52,945,771</u>	<u>17,967,935</u>	<u>1,332,898</u>	<u>4,017,121</u>
Business-type Activities:				
Water	10,460,803	13,425,701	-	370,626
Water Reclamation	6,268,592	8,007,161	-	112,960
Storm Sewer	2,444,269	3,170,615	-	108,300
Recreation	1,949,301	1,546,991	-	-
Solid Waste	3,139,688	3,400,359	-	-
Street Lighting	1,297,064	985,291	-	-
Total Business-type Activities	<u>25,559,717</u>	<u>30,536,118</u>	<u>-</u>	<u>591,886</u>
Total Primary Government	<u>\$ 78,505,488</u>	<u>\$ 48,504,053</u>	<u>\$ 1,332,898</u>	<u>\$ 4,609,007</u>

General Revenues:
Sales Taxes
Property Taxes
Franchise Taxes
Vehicle Taxes
Other Taxes & Special Assessments
Unrestricted Investment Earnings
Gain on Sale of Capital Assets / Lease Relinquishments
Transfers In (Out)
Total General Revenues and Transfers
Change in Total Net Position
Total Net Position - Beginning, As Previously Reported
Restatement of Net Position
Total Net Position - Beginning, As Restated
Total Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 931,353	\$ -	\$ 931,353
(14,425,406)	-	(14,425,406)
(3,904,496)	-	(3,904,496)
(7,478,147)	-	(7,478,147)
559,693	-	559,693
(1,320,100)	-	(1,320,100)
(3,990,714)	-	(3,990,714)
<u>(29,627,817)</u>	<u>-</u>	<u>(29,627,817)</u>
-	3,335,524	3,335,524
-	1,851,529	1,851,529
-	834,646	834,646
-	(402,310)	(402,310)
-	260,671	260,671
-	(311,773)	(311,773)
-	<u>5,568,287</u>	<u>5,568,287</u>
<u>(29,627,817)</u>	<u>5,568,287</u>	<u>(24,059,530)</u>
20,727,557	-	20,727,557
9,839,669	-	9,839,669
7,698,687	-	7,698,687
661,705	-	661,705
167,236	-	167,236
402,246	122,371	524,617
2,539,390	85,244	2,624,634
532,903	(532,903)	-
<u>42,569,393</u>	<u>(325,288)</u>	<u>42,244,105</u>
<u>12,941,576</u>	<u>5,242,999</u>	<u>18,184,575</u>
156,906,389	71,532,359	228,438,748
(8,809,611)	(1,435,609)	(10,245,220)
<u>148,096,778</u>	<u>70,096,750</u>	<u>218,193,528</u>
<u>\$ 161,038,354</u>	<u>\$ 75,339,749</u>	<u>\$ 236,378,103</u>

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City of Orem
Balance Sheet
Governmental Funds
June 30, 2015

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 18,379,010	\$ 836,560	\$ -	\$ 5,599,362	\$ 24,814,932
Receivables (Net of Allowance for Uncollectibles)	582,373	-	-	77,128	659,501
Property Taxes Receivable	4,914,601	-	-	-	4,914,601
Other Taxes Receivable	4,078,548	-	-	-	4,078,548
Special Assessments Receivable	234,286	-	-	-	234,286
Intergovernmental Receivables	197,014	-	-	577,104	774,118
Due from Other Funds	54,709	-	-	-	54,709
Notes Receivable	-	-	-	304,314	304,314
Assets Acquired for Resale	-	-	-	241,000	241,000
Prepays	70,707	-	-	-	70,707
Restricted Cash and Cash Equivalents:					
Debt Service	2,979,443	1,418,369	-	-	4,397,812
Capital Improvement Projects	2,445,614	-	8,834,059	2,188,847	13,468,520
Other Purposes	136,172	-	65,257	1,398,697	1,600,126
Restricted Receivables:					
Debt Service	-	1,918,650	-	-	1,918,650
Capital Improvement Projects	479,795	-	1,663,274	-	2,143,069
Other Purposes	-	-	-	1,250,586	1,250,586
Total Assets	\$ 34,552,272	\$ 4,173,579	\$ 10,562,590	\$ 11,637,038	\$ 60,925,479
LIABILITIES					
Accounts Payable	\$ 719,412	\$ 323	\$ -	\$ 1,115,087	\$ 1,834,822
Customer Deposits	3,704,908	-	-	-	3,704,908
Accrued Liabilities	1,377,689	-	-	3,629	1,381,318
Due to Other Funds	-	-	-	54,709	54,709
Unearned Revenues	1,361,137	-	-	178,038	1,539,175
Liabilities Payable from Restricted Assets	34,358	-	-	-	34,358
Total Liabilities	7,197,504	323	-	1,351,463	8,549,290
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	4,914,601	1,918,650	1,663,274	-	8,496,525
Deferred Revenues - Receivables	437,936	-	-	552,264	990,200
Total Deferred Inflows of Resources	5,352,537	1,918,650	1,663,274	552,264	9,486,725
FUND BALANCES					
Nonspendable	70,707	-	-	-	70,707
Restricted	6,057,938	1,418,369	8,899,316	4,022,634	20,398,257
Assigned	3,125,711	836,237	-	5,710,677	9,672,625
Unassigned	12,747,875	-	-	-	12,747,875
Total Fund Balances	22,002,231	2,254,606	8,899,316	9,733,311	42,889,464
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,552,272	\$ 4,173,579	\$ 10,562,590	\$ 11,637,038	\$ 60,925,479

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental funds are not financial resources.	146,527,834
Net Pension Assets and Deferred Outflows of Resources are not available financial resources and are not reported in the governmental funds.	2,902,148
Other restricted assets are not available financial resources and are not reported in the governmental funds.	28,813
Certain revenue is unearned in governmental funds but not in the Statement of Net Position because it qualifies for recognition under the economic resources measurement focus.	990,200
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 Position.	2,641,475
Long-term liabilities, including bonds payable, compensated absences, and pensions, are not due and payable in the current period.	(32,955,789)
Other financial obligations not due and payable in the current period.	241,765
Interest payable on long-term obligations do not require current financial resources and are not reported in the governmental funds.	(170,927)
Deferred Inflows of Resources related to pensions do not require current financial resources and are not reported in the governmental funds.	(2,056,629)
Net Position of Governmental Activities	\$ 161,038,353

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, 2015

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Special Assessments	\$ 33,965,988	\$ 5,290,872	\$ 2,404,258	\$ 1,888,230	\$ 43,549,348
Licenses and Permits	2,524,794	-	-	-	2,524,794
Intergovernmental	3,378,601	-	-	1,971,418	5,350,019
Charges for Services	7,316,684	-	-	308,154	7,624,838
Fines and Forfeitures	1,792,829	-	-	-	1,792,829
Charges for Services - Other Funds	4,042,299	-	-	-	4,042,299
Interest Revenues	249,782	4,928	61,996	80,942	397,648
Miscellaneous Revenue	1,200,211	-	-	387,074	1,587,285
Total Revenues	54,471,188	5,295,800	2,466,254	4,635,818	66,869,060
EXPENDITURES					
Current:					
General Government	11,539,358	-	-	-	11,539,358
Public Safety	19,847,226	-	-	-	19,847,226
Highways and Public Improvements	2,828,824	-	-	-	2,828,824
Parks, Recreation and Arts	6,136,533	-	-	1,348,714	7,485,247
Economic and Physical Development	246,435	-	-	639,801	886,236
Redevelopment	-	-	1,231,600	-	1,231,600
Debt Service:					
Principal Retirement	-	5,431,955	-	55,000	5,486,955
Interest and Fiscal Charges	-	3,988,264	-	50,775	4,039,039
Bond Issuance Costs	-	162,233	-	-	162,233
Capital Leases - Principal	108,376	-	-	-	108,376
Capital Leases - Interest	9,177	-	-	-	9,177
Capital Outlay	5,744,959	-	-	1,828,647	7,573,606
Total Expenditures	46,460,888	9,582,452	1,231,600	3,922,937	61,197,877
Excess (Deficiency) of Revenues over (under) Expenditures	8,010,300	(4,286,652)	1,234,654	712,881	5,671,183
OTHER FINANCING SOURCES (USES)					
Proceeds from Asset Disposals	42,869	-	-	-	42,869
Proceeds from Lease Relinquishments	2,500,000	-	-	-	2,500,000
Issuance of Bonds	-	10,174,331	-	-	10,174,331
Payment to Bond Refunding Agent	-	(9,792,760)	-	-	(9,792,760)
Capital Leases	64,113	-	-	-	64,113
Transfers In	2,923,232	4,717,950	-	3,842,718	11,483,900
Transfers Out	(9,280,553)	-	(1,413,343)	(204,969)	(10,898,865)
Total Other Financing Sources (Uses)	(3,750,339)	5,099,521	(1,413,343)	3,637,749	3,573,588
Net Change in Fund Balances	4,259,961	812,869	(178,689)	4,350,630	9,244,771
Fund Balance - Beginning	17,742,270	1,441,737	9,078,005	5,382,681	33,644,693
Fund Balance - Ending	\$ 22,002,231	\$ 2,254,606	\$ 8,899,316	\$ 9,733,311	\$ 42,889,464

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, 2015

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

Net Change in Fund Balances - Total Governmental Funds		\$ 9,244,771
<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	\$ 6,762,312	
Depreciation Expense	<u>(6,405,506)</u>	356,806
<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.</p>		
Issuance of Long-term Debt recorded as a long-term liability	\$ (9,709,113)	
Principal Payments recorded as a reduction of the long-term liability	<u>15,245,331</u>	5,536,218
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities.</p>		
Bond Refundings - Loss on Defeasance	\$ 142,760	
Bond (Premiums) Discounts	(529,331)	
Amortization of Bond Refundings - Loss on Defeasance	(27,060)	
Amortization of Bond Premiums (Discounts)	<u>126,635</u>	(286,996)
<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	\$ 57,376	
Interest Expense	120,161	
Pension Expense	1,336,951	
Other Post Employment Benefits (OPEB) Expense	<u>(47,304)</u>	1,467,184
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Special Assessment Revenues	\$ (4,453,723)	
Charges for Services Revenues	(44,144)	
Gain (Loss) on Sale of Capital Assets	(3,479)	
Pension Revenues - Nonemployer Contributions	<u>443,860</u>	(4,057,486)
<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>681,079</u>
Change in Net Position of Governmental Activities		<u><u>\$ 12,941,576</u></u>

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

City of Orem
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 32,511,188	\$ 32,506,768	\$ 33,965,988	\$ 1,459,220
Licenses and Permits	1,200,000	1,200,000	2,524,794	1,324,794
Intergovernmental	2,627,500	3,051,239	3,378,601	327,362
Charges for Services	5,719,300	5,721,089	7,316,684	1,595,595
Fines and Forfeitures	1,217,500	1,568,689	1,792,829	224,140
Charges for Services - Other Funds	4,042,299	4,042,299	4,042,299	-
Interest Revenues	237,500	237,500	249,782	12,282
Miscellaneous Revenues	1,007,469	1,074,954	1,200,211	125,257
Total Revenues	<u>48,562,756</u>	<u>49,402,538</u>	<u>54,471,188</u>	<u>5,068,650</u>
EXPENDITURES				
General Government:				
Legislative	376,355	376,355	330,166	46,189
Executive	3,413,585	2,806,153	2,092,023	714,130
Administrative Services	2,372,230	2,453,775	2,352,025	101,750
Development Services	3,473,890	3,585,695	3,240,020	345,675
Legal Services	979,287	981,897	893,891	88,006
Other - Unclassified	3,140,173	3,259,084	2,949,690	309,394
Total General Government	<u>13,755,520</u>	<u>13,462,959</u>	<u>11,857,815</u>	<u>1,605,144</u>
Public Safety:				
Police	12,605,961	13,722,063	12,928,684	793,379
Fire	7,840,030	8,882,888	7,911,484	971,404
Total Public Safety	<u>20,445,991</u>	<u>22,604,951</u>	<u>20,840,168</u>	<u>1,764,783</u>
Highways and Public Improvements:				
Administration	496,077	495,874	432,186	63,688
Maintenance & Engineering	4,260,378	5,403,999	4,037,917	1,366,082
Total Highways and Public Improvements	<u>4,756,455</u>	<u>5,899,873</u>	<u>4,470,103</u>	<u>1,429,770</u>
Parks, Recreation and Arts	6,598,509	9,754,607	8,928,814	825,793
Economic and Physical Development	347,234	288,587	246,435	42,152
Debt Service:				
Capital Leases - Principal	108,376	108,376	108,376	-
Capital Leases - Interest	9,177	9,177	9,177	-
Total Debt Service	<u>117,553</u>	<u>117,553</u>	<u>117,553</u>	<u>-</u>
Total Expenditures	<u>46,021,262</u>	<u>52,128,530</u>	<u>46,460,888</u>	<u>5,625,490</u>
Excess of Revenues over Expenditures	<u>2,541,494</u>	<u>(2,725,992)</u>	<u>8,010,300</u>	<u>10,736,292</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Asset Disposals	20,000	20,000	42,869	22,869
Proceeds from Lease Relinquishments	-	2,500,000	2,500,000	-
Capital Leases	-	64,113	64,113	-
Transfers In	2,926,229	2,923,232	2,923,232	-
Transfers Out	(5,487,723)	(9,281,903)	(9,280,553)	1,350
Total Other Financing Sources (Uses)	<u>(2,541,494)</u>	<u>(3,774,558)</u>	<u>(3,750,339)</u>	<u>24,219</u>
Net Change in Fund Balance	<u>-</u>	<u>(6,500,550)</u>	<u>4,259,961</u>	<u>10,760,511</u>
Fund Balance - Beginning	17,742,270	17,742,270	17,742,270	-
Fund Balance - Ending	<u>\$ 17,742,270</u>	<u>\$ 11,241,720</u>	<u>\$ 22,002,231</u>	<u>\$ 10,760,511</u>

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

City of Orem
Redevelopment - Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 2,014,000	\$ 794,387	\$ 794,387	\$ -
Property Taxes - Tax Increment	-	1,609,871	1,609,871	-
Interest Revenues	-	40,000	61,996	21,996
Total Revenues	<u>2,014,000</u>	<u>2,444,258</u>	<u>2,466,254</u>	<u>21,996</u>
EXPENDITURES				
Current:				
Redevelopment	1,236,351	10,095,646	1,231,600	8,864,046
Total Expenditures	<u>1,236,351</u>	<u>10,095,646</u>	<u>1,231,600</u>	<u>8,864,046</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>777,649</u>	<u>(7,651,388)</u>	<u>1,234,654</u>	<u>8,886,042</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,413,343)	(1,413,343)	(1,413,343)	-
Total Other Financing Sources (Uses)	<u>(1,413,343)</u>	<u>(1,413,343)</u>	<u>(1,413,343)</u>	<u>-</u>
Net Change in Fund Balance	(635,694)	(9,064,731)	(178,689)	8,886,042
Fund Balance - Beginning	9,078,005	9,078,005	9,078,005	-
Fund Balance - Ending	<u>\$ 8,442,311</u>	<u>\$ 13,274</u>	<u>\$ 8,899,316</u>	<u>\$ 8,886,042</u>

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

City of Orem
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds					
	Water Fund		Water Reclamation Fund		Storm Sewer Fund	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 9,623,667	\$ 8,939,262	\$ 4,615,056	\$ 4,122,928	\$ 3,084,853	\$ 2,476,197
Accounts Receivable (Net of Allowance for Doubtful Accounts)	1,395,580	1,601,551	755,273	735,973	326,892	294,256
Inventories	-	-	-	-	-	-
Restricted Cash & Cash Equivalents:						
Debt Service	1,479,904	2,296,159	178,500	119,000	-	-
Capital Improvements	-	-	66,000	44,000	-	-
Total Current Assets	<u>12,499,151</u>	<u>12,836,972</u>	<u>5,614,829</u>	<u>5,021,901</u>	<u>3,411,745</u>	<u>2,770,453</u>
Noncurrent Assets:						
Capital Assets:						
Land	-	-	570,209	570,209	1,898,443	1,898,443
Buildings and Systems	778,267	778,267	3,057,201	3,057,201	679,293	679,293
Improvements other than Buildings	9,143,656	9,143,656	788,052	788,052	357,034	357,034
Machinery and Equipment	1,989,020	1,867,533	4,783,332	4,363,620	2,194,436	1,910,671
Infrastructure	49,653,440	51,688,554	48,024,618	49,290,927	17,357,196	17,234,579
Construction in Progress	3,147,157	154,318	1,517,233	679,528	-	-
Intangibles	975,370	975,370	-	-	-	-
Less Accumulated Depreciation	(26,193,295)	(27,318,346)	(30,816,431)	(30,996,948)	(6,474,324)	(5,718,260)
Total Capital Assets (Net of Accumulated Depreciation)	<u>39,493,615</u>	<u>37,289,352</u>	<u>27,924,214</u>	<u>27,752,589</u>	<u>16,012,078</u>	<u>16,361,760</u>
Net Pension Assets	176	-	1,097	-	271	-
Total Noncurrent Assets	<u>39,493,791</u>	<u>37,289,352</u>	<u>27,925,311</u>	<u>27,752,589</u>	<u>16,012,349</u>	<u>16,361,760</u>
Total Assets	<u>51,992,942</u>	<u>50,126,324</u>	<u>33,540,140</u>	<u>32,774,490</u>	<u>19,424,094</u>	<u>19,132,213</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Debt Refundings	545,726	600,072	-	-	275,162	302,564
Pensions	168,081	115,082	131,650	88,540	56,820	38,881
Total Deferred Outflows of Resources	<u>713,807</u>	<u>715,154</u>	<u>131,650</u>	<u>88,540</u>	<u>331,982</u>	<u>341,445</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 52,706,749</u>	<u>\$ 50,841,478</u>	<u>\$ 33,671,790</u>	<u>\$ 32,863,030</u>	<u>\$ 19,756,076</u>	<u>\$ 19,473,658</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 1,139,464	\$ 991,958	\$ 179,581	\$ 198,145	\$ 78,745	\$ 17,921
Customer Deposits	78,293	60,222	-	-	-	-
Accrued Liabilities	52,709	41,313	53,210	47,080	19,828	16,729
Accrued Vacation Leave	89,490	84,437	60,232	51,343	42,878	40,063
Claims and Judgments	-	-	-	-	-	-
Unearned Revenue	77,632	62,928	-	-	-	-
Accrued Interest Payable	239,331	253,448	-	3,471	46,960	52,429
Bonds Payable - Current Portion	937,787	919,569	594,000	831,757	371,021	350,239
Total Current Liabilities	<u>2,614,706</u>	<u>2,413,875</u>	<u>887,023</u>	<u>1,131,796</u>	<u>559,432</u>	<u>477,381</u>
Noncurrent Liabilities:						
Accrued Vacation Leave	4,710	4,444	3,171	2,702	2,257	2,108
Claims and Judgments	-	-	-	-	-	-
Bonds Payable - Long-term Portion	15,200,854	16,138,641	9,513,000	10,107,000	4,232,115	4,603,136
Net Pension Liability	507,901	740,612	387,789	569,803	171,613	250,222
Total Noncurrent Liabilities	<u>15,713,465</u>	<u>16,883,697</u>	<u>9,903,960</u>	<u>10,679,505</u>	<u>4,405,985</u>	<u>4,855,466</u>
Total Liabilities	<u>18,328,171</u>	<u>19,297,572</u>	<u>10,790,983</u>	<u>11,811,301</u>	<u>4,965,417</u>	<u>5,332,847</u>
DEFERRED INFLOWS OF RESOURCES						
Pensions	80,350	-	65,037	-	27,626	-
Total Deferred Inflows of Resources	<u>80,350</u>	<u>-</u>	<u>65,037</u>	<u>-</u>	<u>27,626</u>	<u>-</u>
NET POSITION						
Net Investment in Capital Assets	23,661,196	20,566,476	17,817,214	16,813,832	11,537,497	11,549,636
Restricted for Debt Service	1,479,904	2,296,159	178,500	119,000	-	-
Restricted for Capital Improvements	-	-	66,000	44,000	-	-
Restricted for Pensions	176	-	1,097	-	271	-
Unrestricted	9,156,952	8,681,271	4,752,959	4,074,897	3,225,265	2,591,175
Total Net Position	<u>34,298,228</u>	<u>31,543,906</u>	<u>22,815,770</u>	<u>21,051,729</u>	<u>14,763,033</u>	<u>14,140,811</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 52,706,749</u>	<u>\$ 50,841,478</u>	<u>\$ 33,671,790</u>	<u>\$ 32,863,030</u>	<u>\$ 19,756,076</u>	<u>\$ 19,473,658</u>

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

Other Enterprise Funds		Other Enterprise Funds		Total		Total		Governmental Activities
Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Internal Service Funds
Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
\$ 1,677,422	\$ 1,438,496	\$ 19,000,998	\$ 16,976,883	\$ 2,680,270				
480,842	486,361	2,958,587	3,118,141	-				431,070
-	-	-	-	-				-
-	-	1,658,404	2,415,159	-				-
-	-	66,000	44,000	-				-
<u>2,158,264</u>	<u>1,924,857</u>	<u>23,683,989</u>	<u>22,554,183</u>	<u>3,111,340</u>				
39,822	39,822	2,508,474	2,508,474	-				-
4,125,955	4,125,955	8,640,716	8,640,716	150,000				-
1,895,601	1,895,601	12,184,343	12,184,343	-				-
105,748	105,748	9,072,536	8,247,572	186,707				-
1,433,881	1,345,825	116,469,135	119,559,885	-				-
-	-	4,664,390	833,846	-				-
-	-	975,370	975,370	-				-
<u>(5,395,248)</u>	<u>(5,237,134)</u>	<u>(68,879,298)</u>	<u>(69,270,688)</u>	<u>(192,438)</u>				
2,205,759	2,275,817	85,635,666	83,679,518	144,269				-
481	-	2,025	-	131				-
<u>2,206,240</u>	<u>2,275,817</u>	<u>85,637,691</u>	<u>83,679,518</u>	<u>144,400</u>				
4,364,504	4,200,674	109,321,680	106,233,701	3,255,740				-
-	-	820,888	902,636	-				-
31,631	21,612	388,182	264,115	60,779				-
<u>31,631</u>	<u>21,612</u>	<u>1,209,070</u>	<u>1,166,751</u>	<u>60,779</u>				
<u>\$ 4,396,135</u>	<u>\$ 4,222,286</u>	<u>\$ 110,530,750</u>	<u>\$ 107,400,452</u>	<u>\$ 3,316,519</u>				
\$ 377,041	\$ 335,102	\$ 1,774,831	\$ 1,543,126	\$ 6,839				
-	-	78,293	60,222	-				-
57,963	48,608	183,710	153,730	17,836				-
37,877	50,147	230,477	225,990	54,545				-
-	-	-	-	390,645				-
347,056	286,398	424,688	349,326	-				-
-	-	286,291	309,348	-				-
-	-	1,902,808	2,101,565	-				-
<u>819,937</u>	<u>720,255</u>	<u>4,881,098</u>	<u>4,743,307</u>	<u>469,865</u>				
1,994	2,640	12,132	11,894	8,833				-
-	-	-	-	269,114				-
-	-	28,945,969	30,848,777	-				-
95,385	139,087	1,162,688	1,699,724	183,633				-
97,379	141,727	30,120,789	32,560,395	461,580				-
<u>917,316</u>	<u>861,982</u>	<u>35,001,887</u>	<u>37,303,702</u>	<u>931,445</u>				
16,101	-	189,114	-	29,201				-
<u>16,101</u>	<u>-</u>	<u>189,114</u>	<u>-</u>	<u>29,201</u>				
2,205,759	2,275,817	55,221,666	51,205,761	144,269				-
-	-	1,658,404	2,415,159	-				-
-	-	66,000	44,000	-				-
481	-	2,025	-	131				-
1,256,478	1,084,487	18,391,654	16,431,830	2,211,473				-
<u>3,462,718</u>	<u>3,360,304</u>	<u>75,339,749</u>	<u>70,096,750</u>	<u>2,355,873</u>				
<u>\$ 4,396,135</u>	<u>\$ 4,222,286</u>	<u>\$ 110,530,750</u>	<u>\$ 107,400,452</u>	<u>\$ 3,316,519</u>				

City of Orem
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2015

	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	\$ 11,001,098	\$ 10,882,384	\$ 6,444,975	\$ 6,449,844	\$ 3,140,081
Other Revenues	2,424,603	2,319,142	1,562,186	1,070,862	30,534
Total Operating Revenues	<u>13,425,701</u>	<u>13,201,526</u>	<u>8,007,161</u>	<u>7,520,706</u>	<u>3,170,615</u>
OPERATING EXPENSES					
Personnel Services	1,775,120	1,793,600	1,830,390	1,960,862	659,208
Supplies and Maintenance	668,167	615,341	714,679	793,880	236,525
Administrative Fee	1,195,628	1,431,360	648,162	857,804	282,964
Utilities	570,411	569,852	649,009	624,227	8,234
Contract Services	3,445,335	3,464,945	576,514	524,055	244,434
Equipment Lease and Rentals	28,833	32,328	11,996	15,600	9,222
Insurance	152,985	152,985	112,738	112,682	45,707
Charges in Lieu of Property Tax	71,787	75,000	52,665	50,000	29,316
Depreciation Expense	1,914,531	1,894,798	1,563,421	1,567,700	756,064
Miscellaneous	109,629	95,626	104,167	77,273	54,934
Total Operating Expenses	<u>9,932,426</u>	<u>10,125,835</u>	<u>6,263,741</u>	<u>6,584,083</u>	<u>2,326,608</u>
Operating Income (Loss)	<u>3,493,275</u>	<u>3,075,691</u>	<u>1,743,420</u>	<u>936,623</u>	<u>844,007</u>
NONOPERATING REVENUES AND EXPENSES					
Interest Revenue	69,904	51,457	26,318	21,437	14,869
Gain (Loss) on Sale of Capital Assets	8,845	8,533	76,399	2,200	-
Bond Issuance Costs	-	(72,798)	-	-	-
Interest Expense	(528,377)	(566,687)	(4,851)	(13,018)	(117,661)
Total Nonoperating Revenues	<u>(449,628)</u>	<u>(579,495)</u>	<u>97,866</u>	<u>10,619</u>	<u>(102,792)</u>
Income (Loss) before Transfers and Contributions	3,043,647	2,496,196	1,841,286	947,242	741,215
Contributions from Developers	370,626	391,744	112,960	264,220	108,300
Transfers In	142,377	94,931	-	-	10,000
Transfers Out	(802,328)	(813,504)	(190,205)	(138,935)	(237,293)
Change in Net Position	<u>2,754,322</u>	<u>2,169,367</u>	<u>1,764,041</u>	<u>1,072,527</u>	<u>622,222</u>
Total Net Position - Beginning, As Previously Reported	31,543,906	30,000,069	21,051,729	20,460,465	14,140,811
Restatement of Net Position	-	(625,530)	-	(481,263)	-
Total Net Position - Beginning, As Restated	<u>31,543,906</u>	<u>29,374,539</u>	<u>21,051,729</u>	<u>19,979,202</u>	<u>14,140,811</u>
Total Net Position - Ending	<u>\$ 34,298,228</u>	<u>\$ 31,543,906</u>	<u>\$ 22,815,770</u>	<u>\$ 21,051,729</u>	<u>\$ 14,763,033</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
\$ 3,044,908	\$ 5,852,072	\$ 5,632,266	\$ 26,438,226	\$ 26,009,402	\$ 2,655,117
58,860	80,569	118,552	4,097,892	3,567,416	180
<u>3,103,768</u>	<u>5,932,641</u>	<u>5,750,818</u>	<u>30,536,118</u>	<u>29,576,818</u>	<u>2,655,297</u>
729,208	1,226,206	1,169,353	5,490,924	5,653,023	612,729
223,887	300,203	338,054	1,919,574	1,971,162	1,296,062
358,284	343,071	405,552	2,469,825	3,053,000	-
7,450	792,657	673,996	2,020,311	1,875,525	-
164,162	2,799,807	2,717,552	7,066,090	6,870,714	-
11,761	663,369	685,679	713,420	745,368	-
45,708	25,000	-	336,430	311,375	-
-	-	-	153,768	125,000	-
645,673	158,114	147,323	4,392,130	4,255,494	15,995
42,997	77,626	70,503	346,356	286,399	-
<u>2,229,130</u>	<u>6,386,053</u>	<u>6,208,012</u>	<u>24,908,828</u>	<u>25,147,060</u>	<u>1,924,786</u>
<u>874,638</u>	<u>(453,412)</u>	<u>(457,194)</u>	<u>5,627,290</u>	<u>4,429,758</u>	<u>730,511</u>
15,261	11,280	9,938	122,371	98,093	-
-	-	-	85,244	10,733	2,700
(36,705)	-	-	-	(109,503)	-
(135,231)	-	-	(650,889)	(714,936)	-
<u>(156,675)</u>	<u>11,280</u>	<u>9,938</u>	<u>(443,274)</u>	<u>(715,613)</u>	<u>2,700</u>
717,963	(442,132)	(447,256)	5,184,016	3,714,145	733,211
68,000	-	-	591,886	723,964	-
10,000	725,000	613,000	877,377	717,931	-
(217,020)	(180,454)	(49,121)	(1,410,280)	(1,218,580)	(52,132)
<u>578,943</u>	<u>102,414</u>	<u>116,623</u>	<u>5,242,999</u>	<u>3,937,460</u>	<u>681,079</u>
13,773,209	3,360,304	3,361,156	70,096,750	67,594,899	1,900,952
(211,341)	-	(117,475)	-	(1,435,609)	(226,158)
<u>13,561,868</u>	<u>3,360,304</u>	<u>3,243,681</u>	<u>70,096,750</u>	<u>66,159,290</u>	<u>1,674,794</u>
<u>\$ 14,140,811</u>	<u>\$ 3,462,718</u>	<u>\$ 3,360,304</u>	<u>\$ 75,339,749</u>	<u>\$ 70,096,750</u>	<u>\$ 2,355,873</u>

City of Orem
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds			
	Water	Water	Water	Water
	Fund	Fund	Reclamation	Reclamation
	Current Year	Prior Year	Current Year	Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 13,631,672	\$ 13,081,247	\$ 7,987,861	\$ 7,520,145
Receipts from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(4,866,866)	(5,009,310)	(2,240,332)	(2,113,763)
Payments for Employees	(1,963,941)	(1,789,521)	(1,976,086)	(1,963,469)
Payments for Interfund Services Used	(1,195,628)	(1,431,360)	(648,162)	(857,804)
Net Cash Provided (Used) by Operating Activities	<u>5,605,237</u>	<u>4,851,056</u>	<u>3,123,281</u>	<u>2,585,109</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	142,377	94,931	-	-
Transfers Out	(802,328)	(813,504)	(190,205)	(138,935)
Net Cash Provided (Used) by Noncapital Activities	<u>(659,951)</u>	<u>(718,573)</u>	<u>(190,205)</u>	<u>(138,935)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(3,748,168)	(424,296)	(1,701,561)	(908,050)
Proceeds from Sales of Capital Assets	8,845	9,150	155,873	2,250
Proceeds from Bonds Issued	-	8,510,105	-	-
Gain (Loss) on Bond Refunding	-	(652,154)	-	-
Bond Issuance Costs	-	(72,798)	-	-
Principal paid on Outstanding Debt	(890,457)	(7,817,715)	(831,757)	(824,000)
Interest paid on Outstanding Debt	(517,260)	(631,913)	(8,321)	(16,372)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,147,040)</u>	<u>(1,079,621)</u>	<u>(2,385,766)</u>	<u>(1,746,172)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	69,904	51,457	26,318	21,437
Net Cash Provided (Used) by Investing Activities	<u>69,904</u>	<u>51,457</u>	<u>26,318</u>	<u>21,437</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(131,850)	3,104,319	573,628	721,439
Cash and Cash Equivalents - Beginning of Year	11,235,421	8,131,102	4,285,928	3,564,489
Cash and Cash Equivalents - End of Year	<u>\$ 11,103,571</u>	<u>\$ 11,235,421</u>	<u>\$ 4,859,556</u>	<u>\$ 4,285,928</u>
Reconciliation of Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 3,493,275	\$ 3,075,691	\$ 1,743,420	\$ 936,623
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 1,914,531	\$ 1,894,798	\$ 1,563,421	\$ 1,567,700
(Increase) Decrease in Receivables	205,971	(120,279)	(19,300)	(561)
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Pension Assets	(53,175)	-	(44,207)	-
Increase (Decrease) in Accounts Payable	147,506	(10,777)	(18,564)	83,954
Increase (Decrease) in Customer Deposits	18,071	(3,888)	-	-
Increase (Decrease) in Accrued Liabilities	11,396	2,056	6,130	3,987
Increase (Decrease) in Unearned Revenue	14,704	11,432	-	-
Increase (Decrease) in Accrued Vacation Leave	5,319	2,023	9,358	(6,594)
Increase (Decrease) in Pension Liabilities	(152,361)	-	(116,977)	-
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	<u>2,111,962</u>	<u>1,775,365</u>	<u>1,379,861</u>	<u>1,648,486</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,605,237</u>	<u>\$ 4,851,056</u>	<u>\$ 3,123,281</u>	<u>\$ 2,585,109</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Developers	\$ 370,626	\$ 391,744	\$ 112,960	\$ 264,220

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
\$ 3,137,979	\$ 3,098,017	\$ 5,938,160	\$ 5,746,317	\$ 30,695,672	\$ 29,445,726	\$ -
(567,548)	(486,444)	(4,552,914)	(4,627,262)	(12,227,660)	(12,236,779)	2,655,297
(722,338)	(724,249)	(1,271,019)	(1,155,785)	(5,933,384)	(5,633,024)	(1,614,957)
(282,964)	(358,284)	(343,071)	(405,552)	(2,469,825)	(3,053,000)	(689,013)
1,565,129	1,529,040	(228,844)	(442,282)	10,064,803	8,522,923	351,327
10,000	10,000	725,000	613,000	877,377	717,931	-
(237,293)	(217,020)	(180,454)	(49,121)	(1,410,280)	(1,218,580)	(52,132)
(227,293)	(207,020)	544,546	563,879	(532,903)	(500,649)	(52,132)
(298,082)	(1,250,689)	(88,056)	(81,910)	(5,835,867)	(2,664,945)	(33,781)
-	-	-	-	164,718	11,400	2,700
-	4,290,895	-	-	-	12,801,000	-
-	(328,824)	-	-	-	(980,978)	-
-	(36,705)	-	-	-	(109,503)	-
(337,543)	(3,831,285)	-	-	(2,059,757)	(12,473,000)	-
(108,424)	(164,543)	-	-	(634,005)	(812,828)	-
(744,049)	(1,321,151)	(88,056)	(81,910)	(8,364,911)	(4,228,854)	(31,081)
14,869	15,261	11,280	9,938	122,371	98,093	-
14,869	15,261	11,280	9,938	122,371	98,093	-
608,656	16,130	238,926	49,625	1,289,360	3,891,513	268,114
2,476,197	2,460,067	1,438,496	1,388,871	19,436,042	15,544,529	2,412,156
\$ 3,084,853	\$ 2,476,197	\$ 1,677,422	\$ 1,438,496	\$ 20,725,402	\$ 19,436,042	\$ 2,680,270
\$ 844,007	\$ 874,638	\$ (453,412)	\$ (457,194)	\$ 5,627,290	\$ 4,429,758	\$ 730,511
\$ 756,064	\$ 645,673	\$ 158,114	\$ 147,323	\$ 4,392,130	\$ 4,255,494	\$ 15,995
(32,636)	(5,751)	5,519	(4,501)	159,554	(131,092)	-
-	-	-	-	-	-	(10,012)
(18,210)	-	(10,500)	-	(126,092)	-	(19,303)
60,824	9,521	41,939	25,876	231,705	108,574	(44,599)
-	-	-	-	18,071	(3,888)	-
3,099	2,133	9,355	(56,217)	29,980	(48,041)	1,323
-	-	60,658	(106,657)	75,362	(95,225)	-
2,964	2,826	(12,916)	9,088	4,725	7,343	(2,050)
(50,983)	-	(27,601)	-	(347,922)	-	(54,931)
-	-	-	-	-	-	(265,607)
721,122	654,402	224,568	14,912	4,437,513	4,093,165	(379,184)
\$ 1,565,129	\$ 1,529,040	\$ (228,844)	\$ (442,282)	\$ 10,064,803	\$ 8,522,923	\$ 351,327
\$ 109,300	\$ 68,000	\$ -	\$ -	\$ 592,886	\$ 723,964	\$ -

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

City of Orem
Notes to the Financial Statements
June 30, 2015

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 the organization or there is a potential for the 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 the organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City).

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

- The Redevelopment Agency of the City of Orem (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.
- The City of Orem Foundation is a nonprofit charitable foundation. The Internal Revenue Service (IRS) gave the City permission to form and operate the trust as an approved section 501(c)3 charitable foundation. This enables donors broader charitable donation capabilities since all donations may be fully tax deductible. Although it is a legally separate entity from the City, the City of Orem Foundation is reported as if it were part of the primary government because of the City's ability to impose its will upon its operations, its board of directors is substantively the same as the City's, and all of its services are for the benefit of the City. It is included in these financial statements as the Orem Foundation Trust Special Revenue Fund. Separate financial statements are not issued for this entity.

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for all general obligation debt of the City of Orem. Operating transfers are made from the General Fund to service the debt payments made by this fund. The source of fund revenue for retiring the general obligation debt is principally the power of the City to levy general property tax; however, certain debt is serviced by sales and franchise tax revenues.

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

- The *Redevelopment Fund* (see Redevelopment Agency of the City of Orem on page 51) is a special revenue fund used to account for the preparation and implementation of plans to improve, rehabilitate, and redevelop blighted areas within the City. The fund receives the majority of its revenues from general property taxes levied against properties that lie within each RDA project's boundaries.

The City reports the following major proprietary funds:

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

The City reports the following internal service funds:

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

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, 2015

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

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

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), Zions Bank Institutional Liquidity Management Fund (ILM), and Moreton Asset Management Fund all operate in accordance with state laws and regulations. The reported value of these funds is not materially different than the fair value of each Fund's shares.

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

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from" other funds.

In the Water, Water Reclamation, Storm Sewer, Solid Waste, and Street Lighting funds, the City records utility revenues billed to customers on a monthly basis. Unbilled service accounts receivable at fiscal year-end have been accrued as revenues and receivables.

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (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). The inventory of materials and supplies are charged to both enterprise and governmental funds when they are used/consumed by the specific fund.

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

4. Restricted Assets

Restricted assets are primarily comprised of cash and receivables restricted for future payments of principal and interest on debt service, unexpended portions of bonds issued for capital construction purposes, and unexpended taxes collected for very specific uses under state law.

5. Net Pension Assets

The Net Pension Assets of the City were determined by Utah Retirement Systems (URS) actuarial valuations and roll-forwards using generally accepted actuarial procedures and were based upon actual historical contributions and census data provided to URS. Net Pension Assets represent the net difference between assets of the plan and the actuarially determined liabilities.

6. 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.

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

6. Capital Assets (continued)

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

Assets	Years
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

7. Deferred Outflows of Resources

These deferred amounts represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

8. Compensated Absences

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

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

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

Employees are limited to two years of accumulated vacation leave. Employees earn twelve days of sick leave per year. While sick leave may be accumulated without limitation, no benefits accrue to the

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

8. Compensated Absences (continued)

employees. Therefore, no liability exists and the costs of accumulated sick leave are charged to expenditures only when used.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (URS) Pension Plan and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt, net pension liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums, discounts, and losses on bond refundings are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Deferred Inflows of Resources

These deferred amounts represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

12. Fund Balance / Net Position

Fund Balance

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

City of Orem
Notes to the Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

12. Fund Balance / Net Position (continued)

Net Position

In the government-wide and proprietary fund financial statements, classifications are based upon the accessibility of the underlying resources. Restricted items, while generally expendable, are legally restricted by outside parties for a specific purpose.

13. 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 Position

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

Capital Related Items

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

City of Orem
Notes to the Financial Statements
June 30, 2015

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 Position
(continued)

Capital Related Items (continued)

Cost of Capital Assets	\$ 257,997,634
Accumulated Depreciation	(111,469,800)
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 146,527,834

Long-term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental fund financial statements. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Long-term liability balances at June 30, 2015 were as follows:

General Obligation Bonds	\$ 11,830,000
Sales Tax Revenue Bonds	4,995,000
Franchise Tax Revenue Bonds	1,750,000
Special Improvement District Bonds	1,155,000
Notes Payable	1,045,022
Capital Leases	352,173
Bond Premiums Deferred	927,606
Compensated Absences	1,769,183
Less: Internal Service Funds - Current Portion	(54,545)
Net Pension Obligations	7,566,352
Net OPEB Obligations	1,350,884
Claims and Judgments	659,759
Less: Internal Service Funds - Current Portion	(390,645)
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 32,955,789

B. Explanation of differences between Governmental Fund Operating Statements and the Statement of 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 position of governmental activities as reported in the government-wide Statement of Activities. One of these differences is explained here in greater detail.

City of Orem
Notes to the Financial Statements
June 30, 2015

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

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

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 position.” The details of this difference are as follows:

Debt issued or incurred:	
Issuance of General Obligation Refunding Bonds	\$ (9,645,000)
Capital Lease Financing	(64,113)
Subtotal	(9,709,113)
Principal payments:	
Payment to Escrow Agent for General Obligation	
Bonds Debt Refunding	\$ 9,650,000
General Obligation Bonds	715,000
Sales Tax Revenue Bonds	853,000
Franchise Tax Revenue Bonds	550,000
Special Improvement District Bonds	3,291,000
Capital Leases	108,376
Notes Payable	77,955
Subtotal	15,245,331
Net adjustment to increase <i>net changes in fund balance</i> - total governmental funds to arrive at <i>changes in net position of governmental activities</i>	\$ 5,536,218

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 an ordinance, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17th, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

City of Orem
Notes to the Financial Statements
June 30, 2015

3. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

The City Manager, in conjunction with the Budget Officer and the appropriate department head, has the budget authority to transfer budget appropriations within and between any divisions of any budgetary fund. However, the "fund level" is the legal level of control and the City Manager must obtain approval from the City Council to increase revenues or expenditures for any fund.

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

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

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

Tax Revenues

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds

A. Deposits and Investments

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

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, 2015, \$1,041,895 of the City's bank balance of \$1,277,569 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2015 is a negative \$441,907.

Investments

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

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

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

The City's investments at June 30, 2015 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	\$ 50,745,475	\$ 50,745,475	\$ -	\$ -	\$ -
Zions Bank Inst. Liquidity Management Fund	11,914,934	956,800	10,958,134	-	-
Moreton Asset Management Fund	5,096,387	1,317,654	3,778,733	-	-
U.S. Treasuries	36,845	36,845	-	-	-
Total Debt Securities	<u>\$ 67,793,641</u>	<u>\$ 53,056,774</u>	<u>\$ 14,736,867</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, 2015

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, 2015 are presented below:

Rated Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 50,745,475	\$ -	\$ -	\$ -	\$ 50,745,475
Zions Bank Inst. Liquidity Management Fund	11,914,934	8,267,706	-	1,795,491	1,851,737
Moreton Asset Management Fund	5,096,387	3,535,137	-	1,561,249	1
U.S. Treasuries	36,845	-	-	-	36,845
Total Debt Securities	<u>\$ 67,793,641</u>	<u>\$ 11,802,843</u>	<u>\$ -</u>	<u>\$ 3,356,740</u>	<u>\$ 52,634,058</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, 2015 were with the Utah Public Treasurer's Investment Fund (PTIF) and therefore, are not categorized as to custodial credit risk. The investments in the Zions Bank Institutional Liquidity Management Fund (ILM) have custodial credit risk exposure. Of the \$11,914,934 invested in the ILM Fund, none of the related securities are uninsured or unregistered. The investments in the Moreton Asset Management Fund have custodial credit risk exposure. Of the \$5,096,387 invested in the Moreton Asset Management Fund, none of the related securities are uninsured or unregistered.

Additional information regarding the Utah PTIF, Zions Bank ILM Fund, and Moreton Asset Management Fund is available in footnote 4.B. of these notes to the financial statements.

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

Concentration of Credit Risk – Investments

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

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk – Investments (continued)

The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. Government and its agencies. Most of the City's investments at June 30, 2015 were with the Utah PTIF and therefore, are not categorized as to concentration of credit risk.

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

Additional information regarding the Utah PTIF, Zions Bank ILM Fund, and Moreton 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.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

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

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2015) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2015, the City had \$50,745,475 invested in the PTIF which had a fair value of \$50,997,194 for an unrealized gain of \$251,719. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

The following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	93.16 %
Money Market Accounts and Certificates of Deposit	6.84 %
U.S. Government Securities	0.00 %
Total	100.00 %

Zions Bank Institutional Liquidity Management Fund (ILM)

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

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

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

As of June 30, 2015, the City had \$11,914,934 invested in the ILM which had a fair value of \$11,889,268 for an unrealized loss of \$25,666. Due to the insignificance of this amount in relation to the funds affected by the unrealized loss, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

Zions Bank Institutional Liquidity Management Fund (ILM) (continued)

The following table shows statistical information about the Zions Bank ILM investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	15.94 %
Money Market Accounts and Certificates of Deposit	15.54 %
U.S. Government Securities	68.52 %
Total	100.00 %

Moreton Asset Management Fund

The City invests in this external investment pool which is administered by the Moreton Advisors group. The required minimum balance is \$5,000,000. There are no minimum/maximum transaction requirements.

The Moreton Asset Management Fund is not registered with the SEC as an investment company. The Moreton Asset Management Fund 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 Moreton Asset Management Fund are not insured or otherwise guaranteed by Moreton. The Moreton Asset Management Fund issues statements on a monthly basis. It operates and reports on an amortized cost basis. The Moreton Asset Management Fund balance is the City's investment plus income and gains less losses and administration fees.

As of June 30, 2015, the City had \$5,096,387 invested in the Moreton Asset Management Fund which had a fair value of \$5,098,175 for an unrealized gain of \$1,788. Due to the insignificance of this amount in relation to the funds affected by the unrealized loss, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

B. External Investment Pools (continued)

Moreton Asset Management Fund (continued)

The following table shows statistical information about the Moreton Asset Management Fund investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	30.63 %
Money Market Accounts and Certificates of Deposit	0.31 %
U.S. Government Securities	69.06 %
Total	100.00 %

C. Customer Deposits

Enterprise fund deposits are deposits the City requires from residential or business customers who are receiving a utility connection but have a bankruptcy on record or have had their water turned off (or about to be turned off) for a third time in a twelve month period of time. The deposit is refundable after one year of satisfactory payment history.

D. Loans Receivable - CDBG and EDA Loans

The City uses monies from the Community Development Block Grant (CDBG) program to create housing rehabilitation and business development loans. Additional funds from the Economic Development Agency (EDA) and the Utah Revolving Loan Fund are used to supplement the business development loan program. The principal balance of the loans at June 30, 2015, as summarized below, has been shown in the government-wide Statement of Net Position as follows:

Housing Rehabilitation Loans	\$ 304,314
Business Development Loans	247,950
Total	\$ 552,264

E. Receivables

Receivables as of June 30, 2015 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, 2015

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	\$ 4,914,601	\$ -	\$ 4,914,601
Other Taxes	4,558,343	-	4,558,343
Special Assessments	234,286	-	234,286
Intergovernmental	197,014	-	197,014
Accounts	1,325,105	(742,732)	582,373
Subtotal - General	<u>11,229,349</u>	<u>(742,732)</u>	<u>10,486,617</u>
Debt Service:			
Property Taxes	1,918,650	-	1,918,650
Notes Receivable	15,166,216	(15,166,216)	-
Subtotal - Debt Service	<u>17,084,866</u>	<u>(15,166,216)</u>	<u>1,918,650</u>
Redevelopment:			
Property Taxes	1,663,274	-	1,663,274
Water:			
Accounts	1,408,119	(12,539)	1,395,580
Water Reclamation:			
Accounts	761,859	(6,586)	755,273
Storm Sewer:			
Accounts	330,194	(3,302)	326,892
Nonmajor Funds:			
Other Taxes	326,909	-	326,909
Intergovernmental	679,598	-	679,598
Accounts	489,146	(4,857)	484,289
Notes Receivable	1,497,474	(269,483)	1,227,991
Subtotal - Nonmajor	<u>2,993,127</u>	<u>(274,340)</u>	<u>2,718,787</u>
Totals	<u>\$ 35,470,788</u>	<u>\$ (16,205,715)</u>	<u>\$ 19,265,073</u>

All receivables are expected to be collected within one year except for \$161,915 of special assessments in the General Fund, \$22,347 of receivables in the Water Reclamation Fund, and \$1,093,381 of notes receivable in the nonmajor funds.

Governmental funds report *deferred revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report *unearned revenues* when revenue recognition is delayed 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* and *unearned revenues* reported in the governmental funds were as follows:

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes Receivable	\$ 8,496,525	\$ 8,496,525
Accounts and Notes Receivable	203,575	-
Donations and Other Funds to be Used for Specific Programs	-	1,539,174
Grant Money Used in Revolving Loan Programs	552,264	-
Special Assessments not yet Due	234,361	-
Total Deferred & Unearned Revenues for Governmental Funds	<u>\$ 9,486,725</u>	<u>\$ 10,035,699</u>

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 59,505,613	\$ 1,623,732	\$ -	\$ 61,129,345
Construction in Progress	4,162,307	2,313,675	(4,664,120)	1,811,862
Total Capital Assets, not being depreciated	<u>63,667,920</u>	<u>3,937,407</u>	<u>(4,664,120)</u>	<u>62,941,207</u>
Capital Assets, being depreciated:				
Buildings and Systems	29,020,213	3,978,534	-	32,998,747
Improvements other than Buildings	28,159,181	1,024,981	(32,909)	29,151,253
Machinery and Equipment	18,387,728	1,867,626	(575,864)	19,679,490
Infrastructure	112,575,272	651,665	-	113,226,937
Total Capital Assets, being depreciated	<u>188,142,394</u>	<u>7,522,806</u>	<u>(608,773)</u>	<u>195,056,427</u>
Less Accumulated Depreciation for:				
Buildings and Systems	(16,476,106)	(1,052,234)	-	(17,528,340)
Improvements other than Buildings	(17,069,846)	(1,225,469)	32,909	(18,262,406)
Machinery and Equipment	(14,268,993)	(1,014,567)	572,385	(14,711,175)
Infrastructure	(57,838,648)	(3,129,231)	-	(60,967,879)
Total Accumulated Depreciation	<u>(105,653,593)</u>	<u>(6,421,501)</u>	<u>605,294</u>	<u>(111,469,800)</u>
Total Capital Assets, being depreciated, net	<u>82,488,801</u>	<u>1,101,305</u>	<u>(3,479)</u>	<u>83,586,627</u>
Governmental Activities Capital Assets, net	<u>\$ 146,156,721</u>	<u>\$ 5,038,712</u>	<u>\$ (4,667,599)</u>	<u>\$ 146,527,834</u>

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 2,508,474	\$ -	\$ -	\$ 2,508,474
Intangibles	975,370	-	-	975,370
Construction in Progress	833,846	4,658,609	(828,065)	4,664,390
Total Capital Assets, not being depreciated	4,317,690	4,658,609	(828,065)	8,148,234
Capital Assets, being depreciated:				
Buildings and Systems	8,640,716	-	-	8,640,716
Improvements other than Buildings	12,184,343	-	-	12,184,343
Machinery and Equipment	8,247,572	1,187,959	(362,995)	9,072,536
Infrastructure	119,559,885	1,409,250	(4,500,000)	116,469,135
Total Capital Assets, being depreciated	148,632,516	2,597,209	(4,862,995)	146,366,730
Less Accumulated Depreciation for:				
Buildings and Systems	(6,950,439)	(195,211)	-	(7,145,650)
Improvements other than Buildings	(4,888,979)	(582,878)	-	(5,471,857)
Machinery and Equipment	(6,057,803)	(533,240)	283,520	(6,307,523)
Infrastructure	(51,373,467)	(3,080,801)	4,500,000	(49,954,268)
Total Accumulated Depreciation	(69,270,688)	(4,392,130)	4,783,520	(68,879,298)
Total Capital Assets, being depreciated, net	79,361,828	(1,794,921)	(79,475)	77,487,432
Business-type Activities Capital Assets, net	\$ 83,679,518	\$ 2,863,688	\$ (907,540)	\$ 85,635,666

City of Orem
Notes to the Financial Statements
June 30, 2015

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	\$	221,752
Public Safety		997,105
Highway and Streets		3,607,205
Parks, Recreation and Arts		1,418,597
Redevelopment		88,500
Economic and Physical Development		72,347
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets		15,995
Total Depreciation Expense - Governmental Activities	\$	6,421,501
Business-type Activities:		
Water	\$	1,914,531
Water Reclamation		1,563,421
Storm Sewer		756,064
Recreation		116,347
Street Lighting		41,767
Total Depreciation Expense - Business-type Activities	\$	4,392,130

Construction Commitments

The City has active construction projects as of June 30, 2015. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, water, water reclamation, and storm sewer system improvements, and new construction and improvements to various public facilities. At year-end, the City's commitments with contractors and others are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Water Systems Improvements	\$ 3,169,285	\$ 2,330,684
Street Construction and Improvements	1,919,800	2,858,784
Public Facility Construction & Improvements	42,396	37,733
Water Reclamation Improvements	1,517,233	516,110
Storm Sewer Improvements	-	97,000
Park and Recreation Improvements	26,577	602,431
Total	\$ 6,675,291	\$ 6,442,742

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

G. Interfund Receivable, Payables and Transfers

The composition of interfund balances as of June 30, 2015 is as follows:

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. Fiscal year interfund transfers are as follows:

	In	Out
Major Funds:		
General	\$ 2,923,232	\$ 9,280,553
Debt Service Fund	4,717,950	-
Redevelopment Fund	-	1,413,343
Water Fund	142,377	802,328
Water Reclamation Fund	-	190,205
Storm Sewer Fund	10,000	237,293
Nonmajor Governmental Funds	3,842,718	257,101
Nonmajor Enterprise Funds	725,000	180,454
	\$ 12,361,277	\$ 12,361,277

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. 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, 2015, the City paid premiums of approximately \$237,000 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, 2015, the City paid solid waste tipping fees of approximately \$922,000 to NPSWSSD. The City's waste, by weight, represents approximately 25% of all of the solid waste processed by NPSWSSD.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

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, 2015, the City paid participation fees of approximately \$122,000 to NUVAS.

Utah Telecommunication Open Infrastructure Agency (UTOPIA) – UTOPIA was formed under the Utah Interlocal Cooperation Act by its eighteen founding cities, of which, the City of Orem is a member. This agency has the assignment to design, finance, build, operate and maintain a fiber-to-home and fiber-to-business fiber optic communication network. UTOPIA will build the infrastructure but private companies will deliver the services over the network. During the year ended June 30, 2015, the City paid UTOPIA approximately \$14,000 in customer service fees. The City also paid \$2,921,022 in pledge funds into a debt service reserve fund which was used to pay UTOPIA debt obligations for the fiscal year. A corresponding long-term note receivable was also increased by this amount. See footnote 5.B. (Other information, contingent liabilities) for additional information.

Utah Infrastructure Agency (UIA) – UIA was formed under the Utah Interlocal Cooperation Act by its nine member cities, of which, the City of Orem is a member. This agency was organized to provide for the acquisition, construction, and installation of telecommunication and cable television lines to a customer's premises using a demand utility model. During the year ended June 30, 2015, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$145,000 to UIA and paid approximately \$2,200 in customer service fees.

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.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

I. Capital Leases (continued)

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, 2015:

Year ending June 30,	Governmental Activities
2016	\$ 121,210
2017	114,034
2018	89,806
2019	41,456
2020	-
Total minimum lease payments	366,506
Less: Amount representing interest	(14,334)
Present value of net minimum lease payments	<u>\$ 352,172</u>

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

	Governmental Activities
Cost of Equipment	\$ 623,628
Accumulated Depreciation	(122,962)
Difference	<u>\$ 500,666</u>

J. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. All general obligation bonds issued are for governmental activities. The original amount of general obligation bonds issued in prior years was \$16,485,000.

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

General obligation bonds currently outstanding at June 30, 2015 are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2004 Road Construction-Refunding	3.00% to 4.00%	\$ 905,000
2009 Road Construction-Refunding	2.75% to 5.00%	1,280,000
2014 Road Construction-Refunding	0.25% to 3.00%	9,645,000
Total		<u>\$ 11,830,000</u>

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

General Obligation Bonds (continued)

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	
2016	\$ 1,630,000	\$ 286,650	\$ 1,916,650
2017	1,665,000	246,862	1,911,862
2018	1,225,000	223,200	1,448,200
2019	1,250,000	193,425	1,443,425
2020	940,000	157,175	1,097,175
2021-2025	5,120,000	355,288	5,475,288
Totals	<u>\$ 11,830,000</u>	<u>\$ 1,462,600</u>	<u>\$ 13,292,600</u>

Current Year Advance Refunding

In 2014, the City issued \$9,645,000 of general obligation refunding bonds. The funds were placed in a trust for the purpose of generating resources to pay all of the remaining outstanding principal balance on December 1, 2014, of the Series 2005 and Series 2006 general obligation bonds. As a result, \$5,920,000 of the Series 2005 and \$3,730,000 of the Series 2006 general obligation bonds were removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$142,760. This amount is shown as a deferred outflow of resources and is being amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce total debt service payments over the next twelve years by \$1,252,586 and resulted in an economic gain of \$1,221,440.

Special Assessment Bonds

Special assessment bonds are generally issued to provide funds for the construction of streets, sidewalks, water lines, sewer lines, and other infrastructure in new commercial or residential construction developments.

These bonds will be repaid from amounts levied against the property owners benefitted by the construction. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources (for example, foreclosure proceeds) are received. The City has a first lien priority in all of these projects.

The City has the following special assessment bonds outstanding at June 30, 2015:

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Special Assessment Bonds (continued)

Canyon River SID Bonds – Series 2001

In October of 2001, the City issued Canyon River special improvement district bonds of \$3,680,000 through private placement for property improvements. The terms of the bond contract require principal and interest payable annually commencing March 2002 and continuing through March 2016. The interest rate varies between 4.59% and 5.00%. Outstanding principal at June 30, 2015, is \$215,000.

Northgate Village SID Bonds – Series 2010

In November of 2010, the City issued Northgate Village special improvement district bonds of \$1,915,000 through private placement for the improvement of property. The terms of the bond contract require principal and interest payable annually commencing November 2011 and continuing through November 2025. The interest rate is fixed at 7.75%. Outstanding principal at June 30, 2015, is \$940,000.

Special assessment bonds currently outstanding at June 30, 2015 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Property Improvement - Infrastructure	4.59% - 5.00%	\$ 215,000
Property Improvement - Infrastructure	7.75%	940,000
Total		<u>\$ 1,155,000</u>

Annual debt service requirements to maturity for the above reflected special assessment bonds is as follows:

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2016	\$ 990,000	\$ 83,600	\$ 1,073,600
2017	12,000	12,788	24,788
2018	13,000	11,857	24,857
2019	13,000	10,850	23,850
2020	14,000	9,843	23,843
2021-2025	90,000	30,922	120,922
2026-2030	23,000	1,782	24,782
Totals	<u>\$ 1,155,000</u>	<u>\$ 161,642</u>	<u>\$ 1,316,642</u>

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds

All of the City's water and storm sewer, water quality, franchise tax, and sales tax revenue bonds are payable solely by a pledge and assignment of their associated revenue sources. For additional information regarding the City's pledged-revenue coverage, see the table on pages 164-165. The City has the following revenue bonds outstanding at June 30, 2015:

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 in July of 2006 with interest payable semi-annually in January and July through July 2025. The interest rate varies between 3.50% and 5.25%. Outstanding principal at June 30, 2015, is \$805,000.

Water and Storm Sewer Revenue Bonds – Series 2005 B

In March of 2005, the City entered into an agreement to issue revenue bonds through the Utah State Department of Drinking Water of \$3,000,000. The proceeds of the bonds were used for the completion of improvements to the city's water and storm sewer systems. The terms of the bond contract require principal payable annually commencing in July 2006 with interest payable semi-annually in January and July through July 2025. The interest rate is fixed at 1.48%. Outstanding principal at June 30, 2015, is \$1,758,000.

Sales Tax Revenue Refunding Bonds – Series 2007

In October of 2007, the City issued sales tax revenue refunding bonds of \$5,720,000 through private placement. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2002 sales tax revenue bonds. The terms of the bond contract require principal payable annually commencing in April 2009 with interest payable semi-annually in April and October through April 2023. The interest rate varies between 3.80% and 5.00%. Outstanding principal at June 30, 2015, is \$4,995,000.

Water and Storm Sewer Revenue Bonds – Series 2008

In March of 2008, the City issued revenue bonds of \$5,590,000 through private placement for improvements to the City's water and storm sewer systems. The bond contract requires principal payable annually commencing in July 2009 and interest payable semi-annually in January and July through July 2028. The interest rate varies between 3.25% and 5.25%. Outstanding principal at June 30, 2015, is \$5,200,000.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Water Quality Revenue Bonds – Series 2010

In February of 2010, the City entered into an agreement to issue \$11,889,000 in revenue bonds through the State of Utah's Department of Environmental Quality. The proceeds of the bonds were used to construct and expand facilities at the Water Reclamation Plant. The bond contract terms require principal payable annually beginning in February 2013 and continuing through February 2032. Payments on the bonds are paid from sewer charges to customers. The interest rate is fixed at 0.00%. Outstanding principal at June 30, 2015, is \$10,107,000.

Franchise Tax Revenue Refunding Bonds – Series 2010

In March of 2010, the City issued franchise tax revenue refunding bonds of \$4,375,000 through private placement. The proceeds were used to pay the remaining outstanding principal balances of the Series 2000 and Series 2007 lease revenue bonds. The bond contract requires principal payable annually commencing in March 2011 with interest payable semi-annually in March and September through March 2018. The interest rate varies between 2.13% and 5.13%. Outstanding principal at June 30, 2015, is \$1,750,000.

Water and Storm Sewer Revenue Refunding Bonds – Series 2013

In July of 2013, the City issued revenue refunding bonds of \$12,801,000 through private placement. The proceeds were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Series 2005A water and storm sewer revenue bonds. The terms of the bond contract require principal payable annually commencing in July 2014 and interest payable semi-annually in January and July through July 2025. The interest rate is fixed at 2.18%. Outstanding principal at June 30, 2015, is \$12,544,000.

Prior Year Advance Refunding

In 2013, the City issued \$12,801,000 of water and storm sewer revenue refunding bonds. The funds were placed in a trust for the purpose of generating resources to pay all of the remaining outstanding principal balance at July 15, 2015 of the Series 2005A water and storm sewer revenue bonds. As a result, \$10,705,000 of the Series 2005A water and storm sewer revenue bonds was removed from the business-type activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$980,978. This amount is shown as a deferred outflow of resources and is being amortized over the remaining life of the

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Prior Year Advance Refunding (continued)

refunded debt. The refunding was undertaken to reduce total debt service payments over the next twelve years by \$1,032,773 and resulted in an economic gain of \$1,034,532.

Revenue bonds currently outstanding at June 30, 2015 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	1.50%-5.50%	\$ 4,995,000
Street Lighting	2.13%-5.13%	1,750,000
		<u>6,745,000</u>
Business-type Activities:		
Water	1.48%-5.25%	15,832,419
Wastewater Treatment	0.00%-3.50%	10,107,000
Storm Sewer	1.48%-5.25%	4,474,581
		<u>30,414,000</u>
Total		<u>\$ 37,159,000</u>

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

Year Ended June 30,	Governmental Activities		Business-type Activities		Totals
	Principal	Interest	Principal	Interest	
2016	\$ 1,665,000	\$ 299,305	\$ 1,861,000	\$ 578,638	\$ 4,403,943
2017	1,750,000	216,055	1,920,000	542,979	4,429,034
2018	1,715,000	133,399	1,948,000	513,388	4,309,787
2019	435,000	63,311	1,974,000	483,904	2,956,215
2020	335,000	46,781	2,003,000	453,905	2,838,686
2021-2025	845,000	63,800	10,503,000	1,775,094	13,186,894
2026-2030	-	-	9,015,000	603,034	9,618,034
2031-2035	-	-	1,190,000	-	1,190,000
Totals	<u>\$ 6,745,000</u>	<u>\$ 822,651</u>	<u>\$ 30,414,000</u>	<u>\$ 4,950,942</u>	<u>\$ 42,932,593</u>

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Notes Payable

HUD Section 108 Loan

In November of 2005, the City entered into a loan agreement with the Department of Housing and Urban Development (HUD) in the amount of \$1,320,000 to promote, facilitate, and encourage industrial and business development within the City. The terms of the loan agreement require principal payable annually commencing in August 2006 and interest payable semi-annually in February and August through August 2025. The interest rate is variable. Outstanding principal at June 30, 2015, is \$879,930.

Miner Property Long-term Note Payable

In June of 2000, the City entered into a long-term note payable with Dean and Blanche Miner in the amount of \$391,000 for the purchase of property for a new softball and soccer complex. The terms of the note require principal and interest payable monthly commencing in May 2001 and continuing through April 2021. The interest rate is fixed at 6.00%. Outstanding principal at June 30, 2015, is \$165,092.

Notes payable currently outstanding at June 30, 2015 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan - Economic Development	Variable	\$ 879,930
Land Purchase - Park	6.00%	165,092
Total		<u>\$ 1,045,022</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	
2016	\$ 84,370	\$ 53,870	\$ 138,240
2017	90,873	49,086	139,959
2018	97,469	43,946	141,415
2019	104,163	38,446	142,609
2020	105,961	32,710	138,671
2021-2025	462,255	86,464	548,719
2026-2030	99,931	2,625	102,556
Totals	<u>\$ 1,045,022</u>	<u>\$ 307,147</u>	<u>\$ 1,352,169</u>

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Changes in Long-term Liabilities

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year ended June 30, 2015 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 12,550,000	\$ 9,645,000	\$ (10,365,000)	\$ 11,830,000	\$ 1,630,000
Special Assessment Bonds	4,446,000	-	(3,291,000)	1,155,000	990,000
Revenue Bonds	8,148,000	-	(1,403,000)	6,745,000	1,665,000
Plus Issuance Premiums	524,910	529,331	(126,634)	927,607	148,690
Total Bonds Payable	25,668,910	10,174,331	(15,185,634)	20,657,607	4,433,690
Notes Payable	1,122,977	-	(77,955)	1,045,022	84,370
Capital Leases	396,436	64,113	(108,376)	352,173	114,172
Compensated Absences	1,828,609	446,292	(505,719)	1,769,182	1,674,815
Net Pension Liabilities	10,438,214	-	(2,871,862)	7,566,352	-
Other Long-term Liabilities	2,276,250	248,549	(514,156)	2,010,643	706,082
Governmental Activities					
Long-term Liabilities	\$ 41,731,396	\$ 10,933,285	\$ (19,263,702)	\$ 33,400,979	\$ 7,013,129
Business-type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 32,473,757	\$ -	\$ (2,059,757)	\$ 30,414,000	\$ 1,861,000
Plus Issuance Premiums	476,585	-	(41,809)	434,776	41,808
Total Bonds Payable	32,950,342	-	(2,101,566)	30,848,776	1,902,808
Compensated Absences	237,884	48,353	(43,628)	242,609	230,477
Net Pension Liabilities	1,699,724	-	(537,035)	1,162,689	-
Business-type Activities					
Long-term Liabilities	\$ 34,887,950	\$ 48,353	\$ (2,682,229)	\$ 32,254,074	\$ 2,133,285

Compensated Absences

City employees earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to 336 hours of earned vacation. Amounts of vacation vested and not paid have been accrued as a liability at June 30, 2015. The General Fund has typically been used in prior years to liquidate this liability for governmental funds.

While an employee may accumulate an unlimited number of sick hours, these hours are not paid out upon termination.

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

K. Equity Classification

Government-wide and Proprietary Fund Financial Statements

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

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

Governmental Fund Financial Statements

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

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

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

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

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

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

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

The following page provides greater detail of the fund balance classifications and categories for all governmental funds for the fiscal year ended June 30, 2015. The governmental fund balance classifications and categories at the end of the current fiscal year are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2015

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

	General Fund	Debt Service Fund	Redevelop- ment Fund	Nonmajor Governmental Funds ¹	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Prepays	\$ 70,707	\$ -	\$ -	\$ -	\$ 70,707
	70,707	-	-	-	70,707
Restricted:					
Class "C" Roads	2,891,692	-	-	-	2,891,692
Utopia DSR Pledge	2,979,443	-	-	-	2,979,443
Task Force	136,130	-	-	-	136,130
Econ. Dev. Reimb. Agreements	-	-	30,000	-	30,000
Parks, Recreation, & Arts	-	-	-	1,556,314	1,556,314
Land Acquisition	-	-	-	22,345	22,345
Civic Auditorium	-	-	-	1,961,142	1,961,142
Debt Service	-	1,418,369	-	-	1,418,369
Capital Improvements	-	-	8,834,059	36,844	8,870,903
Other Purposes	50,673	-	35,257	445,989	531,919
	6,057,938	1,418,369	8,899,316	4,022,634	20,398,257
Assigned:					
Vehicles & Equip.	715,215	-	-	-	715,215
IT Upgrades	151,795	-	-	-	151,795
Library Media Funds	130,022	-	-	-	130,022
Economic Development Funds	478,368	-	-	-	478,368
SCBA Equipment - Fire	25,793	-	-	-	25,793
City Center Improvements	14,442	-	-	67,542	81,984
Community Promotion	-	-	-	743,709	743,709
Street Light Improvements	-	-	-	172,440	172,440
Park Improvements	-	-	-	594,544	594,544
Debt Service	-	836,237	-	-	836,237
Capital Improvements	359,815	-	-	3,903,403	4,263,218
Other Purposes	1,250,261	-	-	229,039	1,479,300
	3,125,711	836,237	-	5,710,677	9,672,625
Unassigned	12,747,875	-	-	-	12,747,875
Total Fund Balances	\$ 22,002,231	\$ 2,254,606	\$ 8,899,316	\$ 9,733,311	\$ 42,889,464

¹ See pages 106-107 for a breakdown by individual fund

City of Orem
Notes to the Financial Statements
June 30, 2015

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 \$600,000 for each worker's compensation claim. Third party insurance provides coverage for claims above \$600,000. 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, 2015, the outstanding recapture program liability is \$489,304. This liability is presented in the changes in long-term liabilities table (page 83) as part of the "other long-term liability" amount.

The City is insured by Safety National Insurance Company for worker's compensation claims in excess of coverage provided by the Self-insurance Fund. Only one claim has exceeded this coverage in the past five 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, 2015, the estimated reserves liability is \$170,455. This liability is presented in the changes in long-term liabilities table (page 83) as an "other long-term liability". The activity in worker's compensation claims (all retained risk) for the years ended June 30, 2014 and 2015 is as follows:

Year ended June 30,	2014	2015
Claim liability, beginning of year	\$ 183,312	\$ 270,837
Claims incurred during the year	399,350	74,941
Changes in estimates of claims of prior periods	(86,392)	50,815
Payments on claims during the year	(225,433)	(226,138)
Claim liability, end of year	<u>\$ 270,837</u>	<u>\$ 170,455</u>

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

B. Contingent Liabilities (continued)

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

Utah Telecommunication Open Infrastructure Agency (UTOPIA)

The City is a member of UTOPIA, an interlocal, nonprofit agency. UTOPIA was formed under the Utah Interlocal Cooperation Act by its eighteen founding cities, of which the City is one of the eleven pledged members. This agency has the assignment to design, finance, build, operate and maintain a fiber-to-home and fiber-to-business fiber optic communication network. UTOPIA will build the infrastructure but private companies will deliver the services over the network. UTOPIA acts as the wholesaler, not the retailer.

In July 2004, UTOPIA issued an \$85,000,000 revenue bond. In June 2008, UTOPIA issued \$185,000,000 in new revenue bonds to pay and cancel the 2004 revenue bonds, pay and cancel other related debt, pay outstanding unfunded construction commitments, provide two years of capitalized interest and LOC payments, provide approximately \$10,000,000 in operational and construction funds, and to pay the costs of issuing the 2008 bonds.

In December 2011, UTOPIA refinanced the existing 2008 variable rate bonds and replaced them with a long-term relatively fixed rate debt structure (SWAP arrangement). The new debt structure eliminated the letter of credit fee and will result in an estimated savings of \$117 million over the life of the bonds. The new 2011 revenue bonds still have principal payments due quarterly commencing in December 2013 and continuing through June 2040 with interest payments due monthly commencing in January 2012 and continuing through June 2040.

Net revenues from the communication network will reimburse a debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the eleven pledged members are required to reimburse the UTOPIA debt service reserve fund of any shortfall by their respective percentages up to a specific dollar amount. Each member city has pledged sales tax revenues to pay their respective percentage of any shortfall amount. None of the pledge requirements were modified by the 2011 bond refinancing. The City's liability limit (pledge) for the current fiscal year was set at a maximum of \$2,916,162. The pledge limit has an annual increase which is not to exceed 2%. The City's total remaining maximum pledge amount for all fiscal years through 2040 (end of the bond term) is \$95,273,660.

The current estimated cost to construct the fiber optic network in all member cities is approximately \$400,000,000.

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

B. Contingent Liabilities (continued)

Utah Infrastructure Agency (UIA)

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

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

In May 2011, UIA issued \$29,390,000 in revenue bonds (\$20,275,000 tax exempt and \$9,115,000 taxable). The 2011 revenue bonds have principal payments due annually commencing in April 2012 and continuing through April 2036 with interest payments due semi-annually in April and October beginning in October 2011. The interest rate on these bonds varies between 3.20% and 5.50%. Under the bond indenture, certain conditions must be satisfied by UIA in order to issue any additional bonds. Having satisfied the bond indenture conditions, UIA issued an additional \$11,205,000 (all tax exempt) in July of 2013. The 2013 revenue bonds have principal payments due annually commencing in October 2014 and continuing through October 2038 with interest payments due semi-annually in April and October beginning in October 2013. The interest rate on these bonds varies between 2.00% and 5.25%.

Service fee revenues from the UIA network will be used to make the debt service payments. To the extent there are insufficient service fee revenues to pay a debt service payment, the eight contracting members are required to pay to UIA any shortfall by their respective percentages up to a specific dollar amount. Each contracting city has pledged franchise tax revenues to pay their respective percentage of any shortfall amount. The City's liability limit (pledge) is set at \$1,223,786. The City did not have to make any pledge payments in Fiscal Year 2015.

C. Pension Plans

General Information and Plan Description

The City is an eligible plan participant whose pension plans are administered by and provided through the Utah Retirement Systems (URS). URS administers the following pension trust funds (collectively referred to as "The Systems"):

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

General Information and Plan Description (continued)

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System). Each of these systems is a cost-sharing, multiple-employer, public employee retirement system.
- Public Safety Retirement System (Public Safety System). This plan is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) and Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighter System). Both of these systems are cost-sharing, multiple-employer, public employee retirement systems.

The Tier 2 Retirement Systems became effective July 1, 2011. All eligible employees hired on or after July 1, 2011, who had no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the Utah State Legislature. The Utah State Retirement Office Act in Title 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. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report which includes financial statements and required supplementary information for the Systems. The financial report may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, UT 84102 or by visiting the URS website at www.urs.org.

Summary of Retirement Benefits by System

The Systems currently provide retirement benefits, annual cost of living adjustments, disability benefits, and death benefits.

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

Summary of Retirement Benefits by System (continued)

A summary of retirement benefits are as follows:

Retirement System	Final Average Salary	Years of Service required and/or Age Eligible for Benefit	Benefit Percentage Per Year of Service	COLA **
Noncontributory System	Highest 3 Years	30 Years - Any Age 25 Years - Any Age * 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	2% / Yr - All Years	Up to 4%
Contributory System	Highest 5 Years	30 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.25% / Yr to June 1975 or 2% / Yr from July 1975 to the Present	Up to 4%
Public Safety System	Highest 3 Years	20 Years - Any Age 10 Years - Age 60 4 Years - Age 65	2.5% / Yr up to 20 Yrs and 2% / Yr over 20 Yrs	Up to 2.5% or 4.0% Depending on Employer
Firefighters System	Highest 3 Years	20 Years - Any Age 10 Years - Age 60 4 Years - Age 65	2.5% / Yr up to 20 Yrs and 2% / Yr over 20 Yrs	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.5% / Yr - All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.5% / Yr - All Years	Up to 2.5%

* Actuarial reductions apply.

* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges (compounded benefit). Cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year. However, unused CPI increases may be carried forward to subsequent years.

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

Contributions

As a condition of participation in the Systems, the City and/or its employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Retirement System	Employee Paid	Employer Paid for Employee	Employer Contribution Rates
<u>Noncontributory System</u>			
Local Governmental - Tier 1	N/A	N/A	18.47%
<u>Contributory System</u>			
Local Governmental - Tier 1	N/A	6.00%	14.46%
Local Governmental - Tier 2	N/A	N/A	14.83%
<u>Public Safety System</u>			
Noncontributory - Tier 1	N/A	N/A	32.20%
Contributory - Tier 1	N/A	10.50%	28.95%
Contributory (76) - Tier 2	N/A	N/A	54.86%
Contributory (122) - Tier 2	N/A	N/A	26.72%
<u>Firefighters System</u>			
Division B - Tier 1	N/A	16.71%	6.59%
Division B - Tier 2	N/A	N/A	10.80%

Pension Assets, Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions

At December 31, 2014, the City had a net pension asset of \$476,725 and a net pension liability of \$8,729,040.

Retirement System	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.1640325%	\$ -	\$ 5,054,503
Contributory System	1.9700731%	-	568,255
Public Safety System	7.8553996%	-	3,106,282
Firefighters System	4.1264713%	454,109	-
Tier 2 Public Employees System	0.1982677%	6,008	-
Tier 2 Public Safety and Firefighter System	1.1227061%	16,608	-
Total Net Pension Asset / Liability	16.4369503%	\$ 476,725	\$ 8,729,040

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

Pension Assets, Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions (continued)

The net pension asset and liability were measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plans from the census data submitted to the plans for pay periods ending in Calendar Year 2014.

For the year ended December 31, 2014, the City had pension expenses of \$2,146,250. At December 31, 2014, the City had deferred outflows and inflows of resources related to pensions from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 261,795	\$ 739,720
Changes in assumptions	-	1,506,023
Net difference between projected & actual earnings on pension plan investments	291,184	-
Contributions subsequent to the measurement date	2,000,104	-
Total Deferred Outflows / Inflows of Resources	<u>\$ 2,553,083</u>	<u>\$ 2,245,743</u>

Contributions made by the City to URS prior to our fiscal year end but after the measurement date of December 31, 2014, are reported as deferred outflows of resources related to pensions in the amount of \$2,000,104. These contributions will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	\$ (399,781)
2016	(330,297)
2017	(301,916)
2018	(295,439)
2019	(212,788)
Thereafter	(152,542)

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.75%
Salary Increases	3.50% to 10.50%, Average, including Inflation
Investment Rate of Return	7.50%, Net of Pension Plan Investment Expense, including Inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retired member mortality assumptions are highlighted in the following table:

Class of Member

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

Public Safety and Firefighters

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUF = Constructed mortality table based on actual experience of female members multiplied by given percentage.

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage.

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 to December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions (continued)

and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real Assets	13%	5.10%	0.66%
Private Equity	9%	11.30%	1.02%
Absolute Return	18%	3.15%	0.57%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected Arithmetic Nominal Return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based upon those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to changes in the Discount Rate

The proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate is presented in the following table:

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

C. Pension Plans (continued)

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to changes in the Discount Rate (continued)

	1.00% Decrease (6.50%)	Discount Rate (7.50%)	1.00% Increase (8.50%)
<u>Proportionate Share of</u>			
Net Pension (Asset) Liability	\$ 25,317,803	\$ 8,252,315	\$ (5,873,027)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report (www.urs.org).

Allocation Method used for Proprietary Funds

The City used each active URS participating employee's current wage and years of service to calculate a weighted amount. These weighted amounts were used to establish a percentage of each system's total applicable net liability or asset (as provided by URS). Each employee is then assigned their applicable amount based upon the prior calculations and grouped according to their job assignment. All employees associated with a proprietary fund are then totaled and the associated liability or asset is recorded for each fund.

D. Employee Retirement Plans other than Pension Plans

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, 2015 was \$24,925,317. The City's expense for this plan for the year ended June 30, 2015 was approximately \$283,000 or 1.14% of the total participants' salary.

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

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

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

D. Employee Retirement Plans other than Pension Plans (continued)

457 Deferred Compensation Plan

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

All elected officials and permanent employees may also elect to participate in the City's deferred compensation plan and all temporary employees are required to participate in a deferred compensation plan. Under this plan, participants defer a percentage of their compensation up to 7.5% for executive management personnel and up to 5.5% for all other employees (except for the City Manager, whose participation in the plan is determined through negotiation with the City Council, and employees required to pay Medicare insurance premiums) for employees hired prior to March 1986. For those hired after March 1986 the percentage is 6.0% and 4.0% respectively. The City matches the amount deferred by the participants, not to exceed the maximums listed previously or the IRS legal limit. The payroll covered by the deferred compensation plan for the year ended June 30, 2015 was \$24,925,317. The City's expense for this plan for the year ended June 30, 2015 was approximately \$974,000 or 3.91% of the total participants' salary. The contribution rates were determined by the City Council and the contributions were remitted on a timely basis.

E. Other Postemployment Benefits

Plan Description

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

Employees who retire(d) on or after January 1, 2007, are not eligible to participate in this plan unless retiree health insurance is offered as an option to an employee under a voluntary separation plan which are unusual and infrequent. Otherwise, no new entrants to the plan will occur.

Funding Policy

The City currently pays for postemployment benefits other than pensions on a "pay-as-you-go" basis. Contribution amounts for the City and the plan

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Funding Policy (continued)

members may be amended at any time and for any reason. For the fiscal year ended June 30, 2015, total plan premiums paid were \$188,596. The City contributed \$90,419 (47.94% of total premiums) and retiree plan members receiving benefits contributed \$98,177 (52.06% 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.

For the fiscal year ended June 30, 2015, the City's OPEB cost (expense) and annual required contribution (ARC) were \$90,419 and \$90,419, 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)	\$	90,419
Interest on Net OPEB Obligation		0
Adjustments to ARC		0
Annual OPEB Cost (Expense)		<u>90,419</u>
Contributions		<u>(90,419)</u>
Increase in Net OPEB Obligation		0
Net OPEB Obligation – Beginning of Year		<u>1,350,884</u>
Net OPEB Obligation – End of Year	\$	<u>1,350,884</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 and the two preceding fiscal years is as follows:

Fiscal Year Ended	Annual OPEB Cost	City Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation For Fiscal Yr
June 30, 2015	\$ 90,419	\$ 90,419	100.00%	\$ 1,350,884
June 30, 2014	\$ 635,071	\$ 109,813	17.29%	\$ 1,350,884
June 30, 2013	\$ 783,688	\$ 84,557	10.79%	\$ 825,626

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Annual OPEB and Net OPEB Obligation (continued)

The Net OPEB Obligation of \$1,350,884 has been accrued and is presented in the changes in long-term liabilities table on page 83 as an "other long-term liability".

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,350,884, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,350,884. The covered payroll (annual payroll of active employees covered by the plan) was \$25,030,440, and the ratio of the UAAL to the covered payroll was 5.40%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements (see page 104), 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, 2014, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.1% for FY 2015, 5.5% for FY 2016, and 5.6% for FY 2017. The assumed rate of inflation was 2.50%. The actuarial value of plan assets was not determined as the City has not advance funded (nor does it intend to) its obligation. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over a closed ten year and six month period. The remaining amortization period at January 1, 2014, was ten years and six months.

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

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.

G. Redevelopment Agency of the City of Orem

For the year ended June 30, 2015, 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	\$ 1,122,250
Orem 85-02: Timpanogos Technological Center	185,171
Orem 85-03A: University Parkway Development	220,007
Orem 85-03B: University Parkway Development	322,328
Orem 85-04: Economic Zone in Central Orem	95,613
Orem 87-10: Boyer Project on Center and State Street	255,546
Orem 90-08: 800 North and State Street Economic Zone	203,343
Total	\$ 2,404,258
Outstanding Loans to Finance RDA Projects	\$ -

During the year ending June 30, 2015, the RDA expended monies in the categories below as follows:

Economic Development	\$ 1,231,600
Total	\$ 1,231,600

City of Orem
Notes to the Financial Statements
June 30, 2015

5. Other Information (continued)

H. Restatement of Net Position

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 *Accounting and Financial Reporting for Pensions* which became effective for financial statement reporting periods beginning after June 15, 2014. As a result of implementing this statement, pension related items, which were previously not recognized, are now required to be reported in the City's financial statements. In the year of implementation, the City is required to include the pension related amounts and restate the earliest Net Position presented.

Therefore, the effect of adding the pension related items is reflected as a "Restatement of Net Position" in the *Statement of Activities* (\$10,245,220) as well as in the Proprietary Funds *Statement of Revenues, Expenses, and Change in Net Position* (\$1,435,609) since these pension items do not relate to the current financial reporting period.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Orem
Schedule of the Proportionate Share
of the Net Pension Liability
Utah Retirement Systems (URS)
Last Ten Fiscal Years ¹

<u>System</u>	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>Noncontributory System</u>					
As of December 31, 2014	1.1640325%	\$ 5,054,503	\$ 10,427,520	48.5%	90.2%
<u>Contributory System</u>					
As of December 31, 2014	1.9700731%	\$ 568,255	\$ 1,055,247	53.9%	94.0%
<u>Public Safety System</u>					
As of December 31, 2014	7.8553996%	\$ 3,106,282	\$ 4,163,687	74.6%	89.0%
<u>Firefighters System</u>					
As of December 31, 2014	4.1264713%	\$ (454,109)	\$ 3,468,618	-13.1%	101.3%
<u>Tier 2 Public Employees System</u>					
As of December 31, 2014	0.1982677%	\$ (6,008)	\$ 972,771	-0.6%	103.5%
<u>Tier 2 Public Safety and Firefighters System</u>					
As of December 31, 2014	1.1227061%	\$ (16,608)	\$ 464,014	-3.6%	120.5%
Totals		<u>\$ 8,252,315</u>	<u>\$ 20,551,857</u>	<u>40.2%</u>	

¹ In accordance with paragraph 81.a of GASB 68, the City will need to disclose a ten (10) year history of their proportionate share of the Net Pension Liability or Asset in this schedule. However, this schedule will be populated prospectively. Thus, the schedule above is only for the most current calendar year.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Orem
Schedule of Contributions
Utah Retirement Systems (URS)
Last Ten Fiscal Years ¹

<u>System</u>	<u>Contractually Required Contribution</u>	<u>Contributions in relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as a % of Covered Employee Payroll ²</u>
<u>Noncontributory System</u>					
As of December 31, 2014	\$ 1,829,533	\$ (1,829,533)	\$ -	\$ 10,427,520	17.55%
<u>Contributory System</u>					
As of December 31, 2014	\$ 146,183	\$ (146,183)	\$ -	\$ 1,055,247	13.85%
<u>Public Safety System</u>					
As of December 31, 2014	\$ 1,589,744	\$ (1,589,744)	\$ -	\$ 4,163,687	38.18%
<u>Firefighters System</u>					
As of December 31, 2014	\$ 190,743	\$ (190,743)	\$ -	\$ 3,468,618	5.50%
<u>Tier 2 Public Employees System</u>					
As of December 31, 2014	\$ 81,800	\$ (81,800)	\$ -	\$ 972,771	8.41%
<u>Tier 2 Public Safety and Firefighters System</u>					
As of December 31, 2014	\$ 50,588	\$ (50,588)	\$ -	\$ 464,014	10.90%
Totals	<u>\$ 3,888,591</u>	<u>\$ (3,888,591)</u>	<u>\$ -</u>	<u>\$ 20,551,857</u>	<u>18.92%</u>

¹ In accordance with GASB 68, the City will need to disclose a ten (10) year history in this schedule. However, this schedule will be populated prospectively. Thus, the schedule above is only for the most current calendar year (January 1 - December 31).

² Contributions as a percentage of covered employee payroll may be different than the Board certified rate due to rounding or other administrative issues..

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Orem
Schedule of Funding Progress
Other Postemployment Benefits
For The Year Ended June 30, 2015

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, 2014	\$ -	\$ 1,350,884	\$ 1,350,884	0.00%	\$ 25,030,440	5.40%
January 1, 2012	\$ -	\$ 379,486	\$ 379,486	0.00%	\$ 26,865,218	1.41%
January 1, 2011	\$ -	\$ 218,692	\$ 218,692	0.00%	\$ 27,467,617	0.80%
January 1, 2009	\$ -	\$ 1,555,352	\$ 1,555,352	0.00%	\$ 27,216,217	5.71%
	(a)	(b)	(b - a)	(a / b)		

**OTHER
STATEMENTS
&
SCHEDULES**

Combining Financial Statements Nonmajor Governmental Funds

Capital Projects Funds

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

Capital Projects Fund – This fund is used to account for the acquisition or construction of major capital facilities and equipment of the City (other than those financed by proprietary funds) as well as the use of resources for the improvement, rehabilitation, or construction of new roads.

Special Revenue Funds

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

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

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

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

Timpanogos Storytelling Festival Fund – This fund is primarily used to account for the financial transactions of the Timpanogos Storytelling Festival. A volunteer group has the primary responsibility of organizing and operating the festival. While the group's largest program is the Timpanogos Storytelling Festival, they may also help with other community oriented programs as it sees a need. Formerly known as the Friends of the Library Fund.

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

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

City of Orem
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects	Total	CARE Tax Fund	Tele- Communication Billing Fund	Community Development & Rehabilitation Fund
ASSETS					
Cash and Cash Equivalents	\$ 4,635,813	\$ 4,635,813	\$ -	\$ 8,086	\$ -
Accounts Receivable	73,681	73,681	-	-	-
Intergovernmental Receivables	-	-	-	-	577,104
Notes Receivable	-	-	-	-	304,314
Assets Acquired for Resale	241,000	241,000	-	-	-
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	-	-	2,152,003	-	36,844
Other Purposes	-	-	1,060,889	-	337,808
Restricted Receivables:					
Other Purposes	-	-	326,909	675,727	247,950
Total Assets	\$ 4,950,494	\$ 4,950,494	\$ 3,539,801	\$ 683,813	\$ 1,504,020
LIABILITIES					
Accounts Payable	\$ 66,981	\$ 66,981	\$ -	\$ 623,613	\$ 410,862
Accrued Liabilities	-	-	-	-	3,352
Unearned Revenues	145,584	145,584	-	32,454	-
Due to Other Funds	-	-	-	-	54,709
Total Liabilities	212,565	212,565	-	656,067	468,923
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Receivables	-	-	-	-	552,264
Total Deferred Inflows of Resources	-	-	-	-	552,264
FUND BALANCES					
Restricted:					
Parks, Recreation, & Arts	-	-	1,556,314	-	-
Land Acquisition	-	-	22,345	-	-
Civic Auditorium	-	-	1,961,142	-	-
Capital Improvements	-	-	-	-	36,844
Other Purposes	-	-	-	-	445,989
Assigned:					
Capital Improvements	3,903,403	3,903,403	-	-	-
Street Light Improvements	172,440	172,440	-	-	-
Park Improvements	594,544	594,544	-	-	-
City Center Improvements	67,542	67,542	-	-	-
Community Promotion	-	-	-	-	-
Other Purposes	-	-	-	27,746	-
Total Fund Balances	4,737,929	4,737,929	3,539,801	27,746	482,833
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,950,494	\$ 4,950,494	\$ 3,539,801	\$ 683,813	\$ 1,504,020

Special Revenue Funds

<u>Timpanogos Storytelling Festival Fund</u>	<u>Orem Foundation Trust Fund</u>	<u>Senior Citizens Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 749,837	\$ -	\$ 205,626	\$ 963,549	\$ 5,599,362
3,447	-	-	3,447	77,128
-	-	-	577,104	577,104
-	-	-	304,314	304,314
-	-	-	-	241,000
-	-	-	2,188,847	2,188,847
-	-	-	1,398,697	1,398,697
-	-	-	1,250,586	1,250,586
<u>\$ 753,284</u>	<u>\$ -</u>	<u>\$ 205,626</u>	<u>\$ 6,686,544</u>	<u>\$ 11,637,038</u>
\$ 9,298	\$ -	\$ 4,333	\$ 1,048,106	\$ 1,115,087
277	-	-	3,629	3,629
-	-	-	32,454	178,038
-	-	-	54,709	54,709
<u>9,575</u>	<u>-</u>	<u>4,333</u>	<u>1,138,898</u>	<u>1,351,463</u>
-	-	-	552,264	552,264
-	-	-	552,264	552,264
-	-	-	1,556,314	1,556,314
-	-	-	22,345	22,345
-	-	-	1,961,142	1,961,142
-	-	-	36,844	36,844
-	-	-	445,989	445,989
-	-	-	-	3,903,403
-	-	-	-	172,440
-	-	-	-	594,544
-	-	-	-	67,542
743,709	-	-	743,709	743,709
-	-	201,293	229,039	229,039
<u>743,709</u>	<u>-</u>	<u>201,293</u>	<u>4,995,382</u>	<u>9,733,311</u>
<u>\$ 753,284</u>	<u>\$ -</u>	<u>\$ 205,626</u>	<u>\$ 6,686,544</u>	<u>\$ 11,637,038</u>

City of Orem
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2015

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects	Total	CARE Tax Fund	Tele-Communication Billing Fund	Community Development & Rehabilitation Fund
REVENUES					
Sales Taxes	\$ -	\$ -	\$ 1,888,230	\$ -	\$ -
Intergovernmental	951,929	951,929	-	-	954,564
Charges for Services	-	-	-	-	118,984
Interest Revenues	-	-	12,050	63,220	705
Miscellaneous Revenues	274,977	274,977	-	2,256	240
Total Revenues	1,226,906	1,226,906	1,900,280	65,476	1,074,493
EXPENDITURES					
Current:					
Economic and Physical Development	156,647	156,647	-	50,312	432,842
Parks, Recreation and Arts	-	-	974,659	-	-
Debt Service:					
Principal Retirement	-	-	-	-	55,000
Interest and Fiscal Charges	-	-	-	-	50,775
Capital Outlay	1,103,745	1,103,745	221,742	-	503,160
Total Expenditures	1,260,392	1,260,392	1,196,401	50,312	1,041,777
Excess (Deficiency) of Revenues over (under) Expenditures	(33,486)	(33,486)	703,879	15,164	32,716
OTHER FINANCING SOURCES (USES)					
Transfers In	3,789,170	3,789,170	-	-	47,048
Transfers Out	(33,615)	(33,615)	(21,504)	-	(141,750)
Total Other Financing Sources and (Uses)	3,755,555	3,755,555	(21,504)	-	(94,702)
Net Change in Fund Balances	3,722,069	3,722,069	682,375	15,164	(61,986)
Fund Balances - Beginning	1,015,860	1,015,860	2,857,426	12,582	544,819
Fund Balances - Ending	\$ 4,737,929	\$ 4,737,929	\$ 3,539,801	\$ 27,746	\$ 482,833

Special Revenue Funds

Timpanogos Storytelling Festival Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,888,230	\$ 1,888,230
64,925	-	-	1,019,489	1,971,418
160,658	-	28,512	308,154	308,154
3,667	-	1,300	80,942	80,942
87,600	3,750	18,251	112,097	387,074
<u>316,850</u>	<u>3,750</u>	<u>48,063</u>	<u>3,408,912</u>	<u>4,635,818</u>
-	-	-	483,154	639,801
340,130	-	33,925	1,348,714	1,348,714
-	-	-	55,000	55,000
-	-	-	50,775	50,775
-	-	-	724,902	1,828,647
<u>340,130</u>	<u>-</u>	<u>33,925</u>	<u>2,662,545</u>	<u>3,922,937</u>
(23,280)	3,750	14,138	746,367	712,881
6,500	-	-	53,548	3,842,718
(1,600)	(6,500)	-	(171,354)	(204,969)
4,900	(6,500)	-	(117,806)	3,637,749
(18,380)	(2,750)	14,138	628,561	4,350,630
762,089	2,750	187,155	4,366,821	5,382,681
<u>\$ 743,709</u>	<u>\$ -</u>	<u>\$ 201,293</u>	<u>\$ 4,995,382</u>	<u>\$ 9,733,311</u>

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Combining Financial Statements Nonmajor Proprietary Funds

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

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

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

City of Orem
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2015

	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	\$ 908,270	\$ 1,080,701	\$ 494,333	\$ 286,453
Accounts Receivable (Net of Allowance for Doubtful Accounts)	-	20,138	383,140	371,896
Total Current Assets	<u>908,270</u>	<u>1,100,839</u>	<u>877,473</u>	<u>658,349</u>
Noncurrent Assets:				
Capital Assets:				
Land	39,822	39,822	-	-
Buildings and Systems	4,125,955	4,125,955	-	-
Improvements other than Buildings	1,895,601	1,895,601	-	-
Machinery and Equipment	11,139	11,139	-	-
Infrastructure	-	-	-	-
Less Accumulated Depreciation	(5,042,880)	(4,926,533)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,029,637</u>	<u>1,145,984</u>	<u>-</u>	<u>-</u>
Net Pension Assets	345	-	-	-
Total Noncurrent Assets	<u>1,029,982</u>	<u>1,145,984</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,938,252</u>	<u>2,246,823</u>	<u>877,473</u>	<u>658,349</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	31,605	21,608	-	-
Total Deferred Outflows of Resources	<u>31,605</u>	<u>21,608</u>	<u>-</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 1,969,857</u>	<u>\$ 2,268,431</u>	<u>\$ 877,473</u>	<u>\$ 658,349</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 47,722	\$ 40,247	\$ 252,465	\$ 258,358
Accrued Liabilities	54,893	46,830	-	-
Accrued Vacation Leave	36,492	48,866	-	-
Unearned Revenues	347,056	286,398	-	-
Total Current Liabilities	<u>486,163</u>	<u>422,341</u>	<u>252,465</u>	<u>258,358</u>
Noncurrent Liabilities:				
Accrued Vacation Leave	1,921	2,572	-	-
Net Pension Liability	95,385	139,060	-	-
Total Noncurrent Liabilities	<u>97,306</u>	<u>141,632</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>583,469</u>	<u>563,973</u>	<u>252,465</u>	<u>258,358</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	15,792	-	-	-
Total Deferred Inflows of Resources	<u>15,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	1,029,637	1,145,984	-	-
Restricted for Pensions	345	-	-	-
Unrestricted	340,614	558,474	625,008	399,991
Total Net Position	<u>1,370,596</u>	<u>1,704,458</u>	<u>625,008</u>	<u>399,991</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 1,969,857</u>	<u>\$ 2,268,431</u>	<u>\$ 877,473</u>	<u>\$ 658,349</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 274,819	\$ 71,342	\$ 1,677,422	\$ 1,438,496
97,702	94,327	480,842	486,361
<u>372,521</u>	<u>165,669</u>	<u>2,158,264</u>	<u>1,924,857</u>
-	-	39,822	39,822
-	-	4,125,955	4,125,955
-	-	1,895,601	1,895,601
94,609	94,609	105,748	105,748
1,433,881	1,345,825	1,433,881	1,345,825
(352,368)	(310,601)	(5,395,248)	(5,237,134)
1,176,122	1,129,833	2,205,759	2,275,817
136	-	481	-
<u>1,176,258</u>	<u>1,129,833</u>	<u>2,206,240</u>	<u>2,275,817</u>
<u>1,548,779</u>	<u>1,295,502</u>	<u>4,364,504</u>	<u>4,200,674</u>
26	4	31,631	21,612
<u>26</u>	<u>4</u>	<u>31,631</u>	<u>21,612</u>
\$ <u>1,548,805</u>	\$ <u>1,295,506</u>	\$ <u>4,396,135</u>	\$ <u>4,222,286</u>
\$ 76,854	\$ 36,497	\$ 377,041	\$ 335,102
3,070	1,778	57,963	48,608
1,385	1,281	37,877	50,147
-	-	347,056	286,398
<u>81,309</u>	<u>39,556</u>	<u>819,937</u>	<u>720,255</u>
73	68	1,994	2,640
-	27	95,385	139,087
73	95	97,379	141,727
<u>81,382</u>	<u>39,651</u>	<u>917,316</u>	<u>861,982</u>
309	-	16,101	-
<u>309</u>	<u>-</u>	<u>16,101</u>	<u>-</u>
1,176,122	1,129,833	2,205,759	2,275,817
136	-	481	-
290,856	126,022	1,256,478	1,084,487
<u>1,467,114</u>	<u>1,255,855</u>	<u>3,462,718</u>	<u>3,360,304</u>
\$ <u>1,548,805</u>	\$ <u>1,295,506</u>	\$ <u>4,396,135</u>	\$ <u>4,222,286</u>

City of Orem
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For The Year Ended June 30, 2015

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
OPERATING REVENUES			
Charges for Services	\$ 1,546,452	\$ 1,369,059	\$ 3,400,359
Other Revenues	539	298	-
Total Operating Revenues	<u>1,546,991</u>	<u>1,369,357</u>	<u>3,400,359</u>
OPERATING EXPENSES			
Personnel Services	1,157,039	1,107,768	-
Supplies and Maintenance	225,540	218,660	29,877
Administrative Fee	24,625	-	258,820
Utilities	382,111	262,222	-
Contract Services	11,664	14,279	2,782,093
Equipment Lease and Rentals	-	510	-
Insurance	25,000	-	-
Depreciation	116,347	107,616	-
Miscellaneous	6,975	5,435	68,898
Total Operating Expenses	<u>1,949,301</u>	<u>1,716,490</u>	<u>3,139,688</u>
Operating Income (Loss)	<u>(402,310)</u>	<u>(347,133)</u>	<u>260,671</u>
NONOPERATING REVENUES AND EXPENSES			
Interest Revenue	6,170	6,533	1,393
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Nonoperating Revenues	<u>6,170</u>	<u>6,533</u>	<u>1,393</u>
Income (Loss) before Transfers	<u>(396,140)</u>	<u>(340,600)</u>	<u>262,064</u>
Transfers In	125,000	160,000	-
Transfers Out	(62,722)	-	(37,047)
Change in Net Position	<u>(333,862)</u>	<u>(180,600)</u>	<u>225,017</u>
Total Net Position - Beginning, As Previously Reported	1,704,458	2,002,510	399,991
Restatement of Net Position	-	(117,452)	-
Total Net Position - Beginning, As Restated	<u>1,704,458</u>	<u>1,885,058</u>	<u>399,991</u>
Total Net Position - Ending	<u>\$ 1,370,596</u>	<u>\$ 1,704,458</u>	<u>\$ 625,008</u>

Solid Waste Fund Prior Year	Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 3,369,722	\$ 905,261	\$ 893,485	\$ 5,852,072	\$ 5,632,266
-	80,030	118,254	80,569	118,552
<u>3,369,722</u>	<u>985,291</u>	<u>1,011,739</u>	<u>5,932,641</u>	<u>5,750,818</u>
-	69,167	61,585	1,226,206	1,169,353
36,253	44,786	83,141	300,203	338,054
405,552	59,626	-	343,071	405,552
-	410,546	411,774	792,657	673,996
2,703,273	6,050	-	2,799,807	2,717,552
-	663,369	685,169	663,369	685,679
-	-	-	25,000	-
-	41,767	39,707	158,114	147,323
62,549	1,753	2,519	77,626	70,503
<u>3,207,627</u>	<u>1,297,064</u>	<u>1,283,895</u>	<u>6,386,053</u>	<u>6,208,012</u>
<u>162,095</u>	<u>(311,773)</u>	<u>(272,156)</u>	<u>(453,412)</u>	<u>(457,194)</u>
-	3,717	3,405	11,280	9,938
-	-	-	-	-
-	<u>3,717</u>	<u>3,405</u>	<u>11,280</u>	<u>9,938</u>
<u>162,095</u>	<u>(308,056)</u>	<u>(268,751)</u>	<u>(442,132)</u>	<u>(447,256)</u>
-	600,000	453,000	725,000	613,000
(34,121)	(80,685)	(15,000)	(180,454)	(49,121)
<u>127,974</u>	<u>211,259</u>	<u>169,249</u>	<u>102,414</u>	<u>116,623</u>
272,017	1,255,855	1,086,629	3,360,304	3,361,156
-	-	(23)	-	(117,475)
<u>272,017</u>	<u>1,255,855</u>	<u>1,086,606</u>	<u>3,360,304</u>	<u>3,243,681</u>
<u>\$ 399,991</u>	<u>\$ 1,467,114</u>	<u>\$ 1,255,855</u>	<u>\$ 3,462,718</u>	<u>\$ 3,360,304</u>

City of Orem
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2015

	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	\$ 1,567,129	\$ 1,361,443	\$ 3,389,115	\$ 3,371,837
Payments to Suppliers	(580,006)	(564,461)	(2,886,761)	(2,778,537)
Payments for Employees	(1,203,377)	(1,095,659)	-	-
Payments for Interfund Services Used	(24,625)	-	(258,820)	(405,552)
Net Cash Provided (Used) by Operating Activities	<u>(240,879)</u>	<u>(298,677)</u>	<u>243,534</u>	<u>187,748</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	125,000	160,000	-	-
Transfers Out	(62,722)	-	(37,047)	(34,121)
Net Cash Provided (Used) by Noncapital Activities	<u>62,278</u>	<u>160,000</u>	<u>(37,047)</u>	<u>(34,121)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	6,170	6,533	1,393	-
Net Cash Provided (Used) by Investing Activities	<u>6,170</u>	<u>6,533</u>	<u>1,393</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(172,431)	(132,144)	207,880	153,627
Cash and Cash Equivalents - Beginning of Year	1,080,701	1,212,845	286,453	132,826
Cash and Cash Equivalents - End of Year	<u>\$ 908,270</u>	<u>\$ 1,080,701</u>	<u>\$ 494,333</u>	<u>\$ 286,453</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (402,310)	\$ (347,133)	\$ 260,671	\$ 162,095
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 116,347	\$ 107,616	\$ -	\$ -
(Increase) Decrease in Receivables	20,138	(7,914)	(11,244)	2,115
(Increase) Decrease in Pension Assets	(10,342)	-	-	-
Increase (Decrease) in Accounts Payable	7,475	2,263	(5,893)	23,538
Increase (Decrease) in Accrued Liabilities	8,063	1,944	-	-
Increase (Decrease) in Unearned Revenue	60,658	(63,457)	-	-
Increase (Decrease) in Accrued Vacation Leave	(13,025)	8,004	-	-
Increase (Decrease) in Pension Liabilities	(27,883)	-	-	-
Total Adjustments	<u>161,431</u>	<u>48,456</u>	<u>(17,137)</u>	<u>25,653</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (240,879)</u>	<u>\$ (298,677)</u>	<u>\$ 243,534</u>	<u>\$ 187,748</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 981,916 (1,086,147) (67,642) (59,626)	\$ 1,013,037 (1,284,264) (60,126) -	\$ 5,938,160 (4,552,914) (1,271,019) (343,071)	\$ 5,746,317 (4,627,262) (1,155,785) (405,552)
(231,499)	(331,353)	(228,844)	(442,282)
600,000 (80,685)	453,000 (15,000)	725,000 (180,454)	613,000 (49,121)
519,315	438,000	544,546	563,879
(88,056)	(81,910)	(88,056)	(81,910)
(88,056)	(81,910)	(88,056)	(81,910)
3,717	3,405	11,280	9,938
3,717	3,405	11,280	9,938
203,477	28,142	238,926	49,625
71,342	43,200	1,438,496	1,388,871
\$ 274,819	\$ 71,342	\$ 1,677,422	\$ 1,438,496
\$ (311,773)	\$ (272,156)	(453,412)	(457,194)
\$ 41,767 (3,375) (158) 40,357 1,292 - 109 282 80,274	\$ 39,707 1,298 - 75 (58,161) (43,200) 1,084 - (59,197)	158,114 5,519 (10,500) 41,939 9,355 60,658 (12,916) (27,601) 224,568	147,323 (4,501) - 25,876 (56,217) (106,657) 9,088 - 14,912
\$ (231,499)	\$ (331,353)	\$ (228,844)	\$ (442,282)

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

**DEBT SERVICE FUNDS
DEBT SERVICE FUND**

**CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS FUND**

**SPECIAL REVENUE FUNDS
CARE TAX FUND
TELECOMMUNICATION BILLING FUND
COMMUNITY DEVELOPMENT & REHABILITATION FUND
TIMPANOGOS STORYTELLING FESTIVAL 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,939,601	\$ 1,939,601	\$ 945,289	\$ (994,312)
Special Assessments	687,225	3,618,683	4,345,583	726,900
Interest Revenues	-	-	4,928	4,928
Total Revenues	<u>2,626,826</u>	<u>5,558,284</u>	<u>5,295,800</u>	<u>(262,484)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	3,250,955	6,158,030	5,431,955	726,075
Interest and Fiscal Charges	4,090,161	4,132,875	3,988,264	144,611
Bond Issuance Costs	-	162,233	162,233	-
Total Expenditures	<u>7,341,116</u>	<u>10,453,138</u>	<u>9,582,452</u>	<u>870,686</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,714,290)</u>	<u>(4,894,854)</u>	<u>(4,286,652)</u>	<u>608,202</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Bonds	-	10,174,331	10,174,331	-
Payment to Bond Refunding Agent	-	(10,012,098)	(9,792,760)	219,338
Transfers In	4,714,290	4,719,400	4,717,950	(1,450)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,714,290</u>	<u>4,881,633</u>	<u>5,099,521</u>	<u>217,888</u>
Net Change in Fund Balance	-	(13,221)	812,869	826,090
Fund Balance - Beginning	<u>1,441,737</u>	<u>1,441,737</u>	<u>1,441,737</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,441,737</u>	<u>\$ 1,428,516</u>	<u>\$ 2,254,606</u>	<u>\$ 826,090</u>

City of Orem
 Capital Projects - Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 951,929	\$ 951,929
Miscellaneous Revenues	240,000	4,029,170	274,977	(3,754,193)
Total Revenues	<u>240,000</u>	<u>4,029,170</u>	<u>1,226,906</u>	<u>(2,802,264)</u>
EXPENDITURES				
Current:				
Capital Outlay	201,385	4,236,271	1,103,745	3,132,526
Economic and Physical Development	5,000	634,443	156,647	477,796
Total Expenditures	<u>206,385</u>	<u>4,870,714</u>	<u>1,260,392</u>	<u>3,610,322</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>33,615</u>	<u>(841,544)</u>	<u>(33,486)</u>	<u>808,058</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,789,170	3,789,170
Transfers Out	(33,615)	(33,615)	(33,615)	-
Total Other Financing Sources (Uses)	<u>(33,615)</u>	<u>(33,615)</u>	<u>3,755,555</u>	<u>3,789,170</u>
Net Change in Fund Balance	-	(875,159)	3,722,069	4,597,228
Fund Balance - Beginning	<u>1,015,860</u>	<u>1,015,860</u>	<u>1,015,860</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,015,860</u>	<u>\$ 140,701</u>	<u>\$ 4,737,929</u>	<u>\$ 4,597,228</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Taxes	\$ 1,680,000	\$ 1,680,000	\$ 1,888,230	\$ 208,230
Interest Revenues	30,000	30,000	12,050	(17,950)
Total Revenues	<u>1,710,000</u>	<u>1,710,000</u>	<u>1,900,280</u>	<u>190,280</u>
EXPENDITURES				
Current:				
Arts and Recreation Development	1,685,250	3,348,712	974,659	2,374,053
Capital Outlay	-	221,742	221,742	-
Total Expenditures	<u>1,685,250</u>	<u>3,570,454</u>	<u>1,196,401</u>	<u>2,374,053</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>24,750</u>	<u>(1,860,454)</u>	<u>703,879</u>	<u>2,564,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(24,750)	(21,504)	(21,504)	-
Total Other Financing Sources (Uses)	<u>(24,750)</u>	<u>(21,504)</u>	<u>(21,504)</u>	<u>-</u>
Net Change in Fund Balance	-	(1,881,958)	682,375	2,564,333
Fund Balance - Beginning	<u>2,857,426</u>	<u>2,857,426</u>	<u>2,857,426</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,857,426</u>	<u>\$ 975,468</u>	<u>\$ 3,539,801</u>	<u>\$ 2,564,333</u>

City of Orem
 Telecommunication Billing Fund - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest Revenues	\$ 56,000	\$ 56,000	\$ 63,220	\$ 7,220
Miscellaneous Revenues	4,000	4,000	2,256	(1,744)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>65,476</u>	<u>5,476</u>
EXPENDITURES				
Current:				
Miscellaneous Expenditures	60,000	60,000	50,312	9,688
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>50,312</u>	<u>9,688</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	15,164	15,164
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	15,164	15,164
Fund Balance - Beginning	12,582	12,582	12,582	-
Fund Balance - Ending	<u>\$ 12,582</u>	<u>\$ 12,582</u>	<u>\$ 27,746</u>	<u>\$ 15,164</u>

City of Orem
 Community Development and Rehabilitation - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 756,860	\$ 940,860	\$ 954,564	\$ 13,704
Charges for Services	10,000	10,000	118,984	108,984
Interest Revenues	500	500	705	205
Miscellaneous Revenues	-	-	240	240
Total Revenues	<u>767,360</u>	<u>951,360</u>	<u>1,074,493</u>	<u>123,133</u>
EXPENDITURES				
Current:				
Economic and Physical Development	569,508	652,572	432,842	219,730
Capital Outlay	-	569,625	503,160	66,465
Debt Service:				
Principal Retirement	55,000	55,000	55,000	-
Interest and Fiscal Charges	48,150	50,775	50,775	-
Total Expenditures	<u>672,658</u>	<u>1,327,972</u>	<u>1,041,777</u>	<u>286,195</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>94,702</u>	<u>(376,612)</u>	<u>32,716</u>	<u>409,328</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	47,048	47,048	47,048	-
Transfers Out	(141,750)	(141,750)	(141,750)	-
Total Other Financing Sources (Uses)	<u>(94,702)</u>	<u>(94,702)</u>	<u>(94,702)</u>	<u>-</u>
Net Change in Fund Balance	-	(471,314)	(61,986)	409,328
Fund Balance - Beginning	<u>544,819</u>	<u>544,819</u>	<u>544,819</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 544,819</u>	<u>\$ 73,505</u>	<u>\$ 482,833</u>	<u>\$ 409,328</u>

City of Orem
Timpanogos Storytelling Festival - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 175,000	\$ 175,000	\$ 160,658	\$ (14,342)
Intergovernmental Revenues	-	64,925	64,925	-
Interest Revenues	4,000	4,000	3,667	(333)
Miscellaneous Revenues	106,000	106,000	87,600	(18,400)
Total Revenues	<u>285,000</u>	<u>349,925</u>	<u>316,850</u>	<u>(33,075)</u>
EXPENDITURES				
Current:				
Library Programs	295,000	378,775	340,130	38,645
Total Expenditures	<u>295,000</u>	<u>378,775</u>	<u>340,130</u>	<u>38,645</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(10,000)</u>	<u>(28,850)</u>	<u>(23,280)</u>	<u>5,570</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	12,750	6,500	(6,250)
Transfers Out	-	(1,600)	(1,600)	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>11,150</u>	<u>4,900</u>	<u>(6,250)</u>
Net Change in Fund Balance	-	(17,700)	(18,380)	(680)
Fund Balance - Beginning	762,089	762,089	762,089	-
Fund Balance - Ending	<u>\$ 762,089</u>	<u>\$ 744,389</u>	<u>\$ 743,709</u>	<u>\$ (680)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenues	\$ 10,000	\$ 10,000	\$ 3,750	\$ (6,250)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>3,750</u>	<u>(6,250)</u>
EXPENDITURES				
Current:				
City Programs	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,750</u>	<u>(6,250)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>(10,000)</u>	<u>(12,750)</u>	<u>(6,500)</u>	<u>6,250</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(12,750)</u>	<u>(6,500)</u>	<u>6,250</u>
Net Change in Fund Balance	-	(2,750)	(2,750)	-
Fund Balance - Beginning	<u>2,750</u>	<u>2,750</u>	<u>2,750</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 19,750	\$ 20,000	\$ 28,512	\$ 8,512
Interest Revenues	750	750	1,300	550
Miscellaneous Revenues	30,750	30,500	18,251	(12,249)
Total Revenues	51,250	51,250	48,063	(3,187)
EXPENDITURES				
Current:				
Dances	10,750	9,250	3,082	6,168
Tours	25,000	25,000	18,674	6,326
Miscellaneous Expenditures	15,500	17,000	12,169	4,831
Total Expenditures	51,250	51,250	33,925	17,325
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	14,138	14,138
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	14,138	14,138
Fund Balance - Beginning	187,155	187,155	187,155	-
Fund Balance - Ending	\$ 187,155	\$ 187,155	\$ 201,293	\$ 14,138

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 Position
June 30, 2015

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 134,415	\$ 142,510	\$ 2,403,345	\$ 2,680,270
Inventories	-	431,070	-	431,070
Total Current Assets	<u>134,415</u>	<u>573,580</u>	<u>2,403,345</u>	<u>3,111,340</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	-	150,000	-	150,000
Machinery and Equipment	154,459	32,248	-	186,707
Less Accumulated Depreciation	(111,690)	(80,748)	-	(192,438)
Total Capital Assets (Net of Accumulated Depreciation)	<u>42,769</u>	<u>101,500</u>	<u>-</u>	<u>144,269</u>
Net Pension Assets	131	-	-	131
Total Noncurrent Assets	<u>42,900</u>	<u>101,500</u>	<u>-</u>	<u>144,400</u>
Total Assets	<u>177,315</u>	<u>675,080</u>	<u>2,403,345</u>	<u>3,255,740</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	28,992	29,012	2,775	60,779
Total Deferred Outflows of Resources	<u>28,992</u>	<u>29,012</u>	<u>2,775</u>	<u>60,779</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 206,307</u>	<u>\$ 704,092</u>	<u>\$ 2,406,120</u>	<u>\$ 3,316,519</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 4,206	\$ 2,355	\$ 278	\$ 6,839
Accrued Liabilities	9,550	6,471	1,815	17,836
Accrued Vacation Leave	30,339	23,723	483	54,545
Claims and Judgments	-	-	390,645	390,645
Total Current Liabilities	<u>44,095</u>	<u>32,549</u>	<u>393,221</u>	<u>469,865</u>
Noncurrent Liabilities:				
Accrued Vacation Leave	1,597	1,248	5,988	8,833
Claims and Judgments	-	-	269,114	269,114
Net Pension Liability	87,567	87,680	8,386	183,633
Total Noncurrent Liabilities	<u>89,164</u>	<u>88,928</u>	<u>283,488</u>	<u>461,580</u>
Total Liabilities	<u>133,259</u>	<u>121,477</u>	<u>676,709</u>	<u>931,445</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	14,079	13,802	1,320	29,201
Total Deferred Inflows of Resources	<u>14,079</u>	<u>13,802</u>	<u>1,320</u>	<u>29,201</u>
NET POSITION				
Net Investment in Capital Assets	42,769	101,500	-	144,269
Restricted for Pensions	131	-	-	131
Unrestricted	16,069	467,313	1,728,091	2,211,473
Total Net Position	<u>58,969</u>	<u>568,813</u>	<u>1,728,091</u>	<u>2,355,873</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 206,307</u>	<u>\$ 704,092</u>	<u>\$ 2,406,120</u>	<u>\$ 3,316,519</u>

City of Orem
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2015

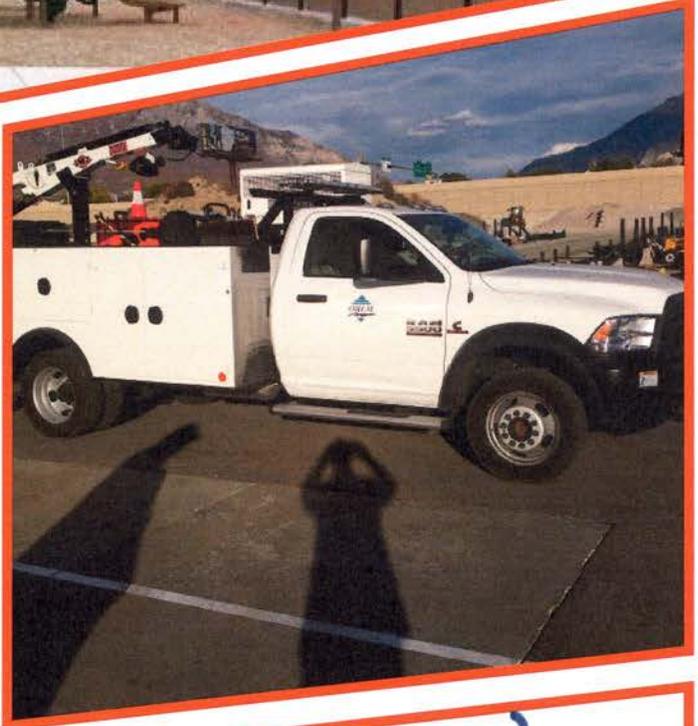
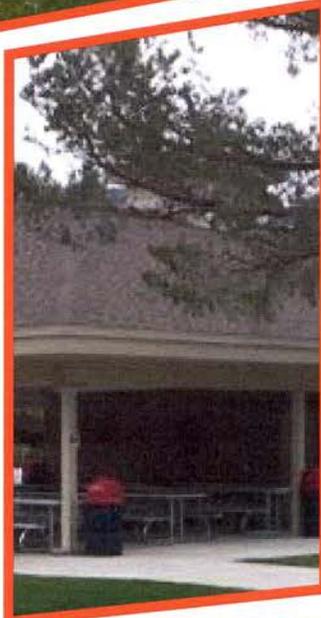
	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
OPERATING REVENUES:				
Charges for Services to Other Funds	\$ 652,000	\$ 330,000	\$ 1,673,117	\$ 2,655,117
Other Revenues	-	180	-	180
Total Operating Revenues	<u>652,000</u>	<u>330,180</u>	<u>1,673,117</u>	<u>2,655,297</u>
OPERATING EXPENSES:				
Personnel Services	342,871	206,306	63,552	612,729
Supplies, Maintenance and Claims	177,659	83,656	1,034,747	1,296,062
Depreciation Expense	9,995	6,000	-	15,995
Total Operating Expenses	<u>530,525</u>	<u>295,962</u>	<u>1,098,299</u>	<u>1,924,786</u>
Operating Income (Loss)	<u>121,475</u>	<u>34,218</u>	<u>574,818</u>	<u>730,511</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on Sales of Fixed Assets	2,700	-	-	2,700
Total Nonoperating Revenues (Expenses)	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>2,700</u>
Income (Loss) before Operating Transfers	124,175	34,218	574,818	733,211
Transfers In	-	-	-	-
Transfers Out	(52,132)	-	-	(52,132)
Change in Net Position	<u>72,043</u>	<u>34,218</u>	<u>574,818</u>	<u>681,079</u>
Total Net Position - Beginning, As Previously Reported	94,767	642,583	1,163,602	1,900,952
Restatement of Net Position	(107,841)	(107,988)	(10,329)	(226,158)
Total Net Position - Beginning, As Restated	<u>(13,074)</u>	<u>534,595</u>	<u>1,153,273</u>	<u>1,674,794</u>
Total Net Position - Ending	<u>\$ 58,969</u>	<u>\$ 568,813</u>	<u>\$ 1,728,091</u>	<u>\$ 2,355,873</u>

City of Orem
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended June 30, 2015

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	\$ 652,000	\$ 330,180	\$ 1,673,117	\$ 2,655,297
Payments to Suppliers	(174,734)	(95,006)	(1,345,217)	(1,614,957)
Payments for Employees	(376,792)	(240,174)	(72,047)	(689,013)
Net Cash Provided (Used) by Operating Activities	100,474	(5,000)	255,853	351,327
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	-	-	-	-
Transfers Out	(52,132)	-	-	(52,132)
Net Cash Provided (Used) by Noncapital Financing Activities	(52,132)	-	-	(52,132)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(33,781)	-	-	(33,781)
Proceeds from the Sale of Capital Assets	2,700	-	-	2,700
Net Cash Provided (Used) in Capital Financing Activities	(31,081)	-	-	(31,081)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	17,261	(5,000)	255,853	268,114
Cash and Cash Equivalents - Beginning of Year	117,154	147,510	2,147,492	2,412,156
Cash and Cash Equivalents - End of Year	\$ 134,415	\$ 142,510	\$ 2,403,345	\$ 2,680,270
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 121,475	\$ 34,218	\$ 574,818	\$ 730,511
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	9,995	6,000	-	15,995
(Increase) Decrease in Inventory	-	(10,012)	-	(10,012)
(Increase) Decrease in Pension Assets	(9,283)	(9,145)	(875)	(19,303)
Increase (Decrease) in Accounts Payable	2,008	(1,418)	(45,189)	(44,599)
Increase (Decrease) in Accrued Liabilities	917	80	326	1,323
Increase (Decrease) in Accrued Vacation Leave	1,397	1,650	(5,097)	(2,050)
Increase (Decrease) in Pension Liabilities	(26,035)	(26,373)	(2,523)	(54,931)
Increase (Decrease) in Claims and Judgments	-	-	(265,607)	(265,607)
Total Adjustments	(21,001)	(39,218)	(318,965)	(379,184)
Net Cash Provided (Used) by Operating Activities	\$ 100,474	\$ (5,000)	\$ 255,853	\$ 351,327

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

capital assets



City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedules By Source - Comparative¹
June 30, 2015 and 2014

	2015	2014
Governmental Funds Capital Assets:		
Land	\$ 61,129,345	\$ 59,505,613
Buildings	32,848,747	28,870,213
Improvements other than Buildings	29,151,253	28,159,181
Machinery and Equipment	19,492,783	18,191,302
Infrastructure	113,226,937	112,575,272
Construction in Progress	1,811,862	4,162,307
Total Governmental Funds Capital Assets	<u>\$ 257,660,927</u>	<u>\$ 251,463,888</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 223,527,612	\$ 219,585,114
Capital Projects Fund	15,241,618	14,183,298
Federal Grants	659,425	740,435
State Road Funds	12,552,445	11,743,373
Redevelopment	2,099,191	2,099,191
Community Development	3,580,636	3,112,477
Total Governmental Funds Capital Assets	<u>\$ 257,660,927</u>	<u>\$ 251,463,888</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.

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedule By Function and Activity¹
June 30, 2015

Function and Activity	Land	Buildings	Improvements Other Than Buildings
General Government:			
Executive	\$ -	\$ 2,075	\$ 45,499
Personnel Administration	-	-	-
Administrative Services	-	-	26,263
Legal	-	-	10,100
Development Services	-	-	-
General Government	1,601,415	4,025,198	1,620,974
Engineering	-	-	-
Redevelopment	-	-	85,080
Community Development	-	8,105	1,337,700
Total General Government	<u>1,601,415</u>	<u>4,035,378</u>	<u>3,125,616</u>
Public Safety:			
Administration	-	5,377,906	9,407
Police Protection	-	-	87,345
Fire Protection	190,596	2,529,507	820,972
Emergency Services	-	1,580	-
Total Public Safety	<u>190,596</u>	<u>7,908,993</u>	<u>917,724</u>
Highways and Streets:			
Administration & Engineering	33,550	7,874,114	363,324
Street System	51,049,920	-	3,370,138
Street Lighting	-	-	1,421,854
Total Highways and Streets	<u>51,083,470</u>	<u>7,874,114</u>	<u>5,155,316</u>
Parks and Recreation	8,031,519	8,211,492	18,761,682
Library	222,345	4,818,770	1,190,915
Total Governmental Funds Capital Assets	<u>\$ 61,129,345</u>	<u>\$ 32,848,747</u>	<u>\$ 29,151,253</u>

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

Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ 1,015,879	\$ -	\$ -	\$ 1,063,453
8,013	-	-	8,013
352,040	-	-	378,303
10,590	-	-	20,690
150,847	-	-	150,847
130,356	291,428	-	7,669,371
433,936	-	-	433,936
7,800	2,006,310	-	2,099,190
-	1,766,672	468,160	3,580,637
<u>2,109,461</u>	<u>4,064,410</u>	<u>468,160</u>	<u>15,404,440</u>
1,249,012	-	-	6,636,325
5,106,555	-	-	5,193,900
5,226,171	-	-	8,767,246
67,544	-	-	69,124
<u>11,649,282</u>	<u>-</u>	<u>-</u>	<u>20,666,595</u>
411,126	-	-	8,682,114
2,513,912	107,377,481	1,079,844	165,391,295
-	1,136,155	-	2,558,009
<u>2,925,038</u>	<u>108,513,636</u>	<u>1,079,844</u>	<u>176,631,418</u>
2,298,156	648,891	-	37,951,740
510,846	-	263,858	7,006,734
<u>\$ 19,492,783</u>	<u>\$ 113,226,937</u>	<u>\$ 1,811,862</u>	<u>\$ 257,660,927</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, 2015

Function and Activity	Governmental Funds Capital Assets June 30, 2014	Additions	Deductions	Governmental Funds Capital Assets June 30, 2015
General Government:				
Executive	\$ 1,161,921	\$ 87,409	\$ (185,877)	\$ 1,063,453
Personnel Administration	-	8,013	-	8,013
Administrative Services	412,441	-	(34,138)	378,303
Legal	20,690	-	-	20,690
Development Services	161,790	-	(10,943)	150,847
General Government	7,507,977	161,394	-	7,669,371
Engineering	388,553	55,225	(9,842)	433,936
Redevelopment	2,099,190	-	-	2,099,190
Community Development	3,112,477	468,160	-	3,580,637
Total General Government	<u>14,865,039</u>	<u>780,201</u>	<u>(240,800)</u>	<u>15,404,440</u>
Public Safety:				
Administration	6,636,325	-	-	6,636,325
Police Protection	4,976,235	358,020	(140,354)	5,193,901
Fire Protection	8,171,625	613,091	(17,470)	8,767,246
Emergency Services	69,124	-	-	69,124
Total Public Safety	<u>19,853,309</u>	<u>971,111</u>	<u>(157,824)</u>	<u>20,666,596</u>
Highways and Streets:				
Administration & Engineering	8,693,057	-	(10,943)	8,682,114
Street System	163,520,885	1,999,659	(129,249)	165,391,295
Street Lighting	2,558,009	-	-	2,558,009
Total Highways and Streets	<u>174,771,951</u>	<u>1,999,659</u>	<u>(140,192)</u>	<u>176,631,418</u>
Parks and Recreation	34,966,855	3,017,261	(32,377)	37,951,739
Library	7,006,734	-	-	7,006,734
Total Governmental Funds Capital Assets	<u>\$ 251,463,888</u>	<u>\$ 6,768,232</u>	<u>\$ (571,193)</u>	<u>\$ 257,660,927</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.

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	138
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	146
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	158
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	169
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	174
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. Information related to any new GASB pronouncements required to be included within these statements is shown prospectively except in those cases in which prior year information was readily available.

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities:				
Net Investment in Capital Assets	\$ 106,186,394	\$ 114,171,270	\$ 117,130,313	\$ 120,836,719
Restricted:				
Debt Service	550,866	548,175	2,747,418	2,853,975
Capital Improvements	1,591,103	3,820,227	1,931,411	2,041,001
Pensions	-	-	-	-
Community Development	35,564	19,799	22,636	26,745
Subtotal - Restricted	<u>2,177,533</u>	<u>4,388,201</u>	<u>4,701,465</u>	<u>4,921,721</u>
Unrestricted	<u>28,835,694</u>	<u>26,880,967</u>	<u>27,564,080</u>	<u>24,022,927</u>
Total Governmental Activities Net Position	<u>137,199,621</u>	<u>145,440,438</u>	<u>149,395,858</u>	<u>149,781,367</u>
Business-type Activities:				
Net Investment in Capital Assets	44,153,834	52,823,374	51,848,628	51,508,253
Restricted:				
Debt Service	190,283	-	-	-
Capital Improvements	-	-	-	-
Pensions	-	-	-	-
Subtotal - Restricted	<u>190,283</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted	<u>8,248,979</u>	<u>4,255,124</u>	<u>8,709,036</u>	<u>10,772,961</u>
Total Business-type Activities Net Position	<u>52,593,096</u>	<u>57,078,498</u>	<u>60,557,664</u>	<u>62,281,214</u>
Primary Government:				
Net Investment in Capital Assets	150,340,228	166,994,644	168,978,941	172,344,972
Restricted:				
Debt Service	741,149	548,175	2,747,418	2,853,975
Capital Improvements	1,591,103	3,820,227	1,931,411	2,041,001
Pensions	-	-	-	-
Community Development	35,564	19,799	22,636	26,745
Subtotal - Restricted	<u>2,367,816</u>	<u>4,388,201</u>	<u>4,701,465</u>	<u>4,921,721</u>
Unrestricted	<u>37,084,673</u>	<u>31,136,091</u>	<u>36,273,116</u>	<u>34,795,888</u>
Total Primary Government Net Position	<u>\$ 189,792,717</u>	<u>\$ 202,518,936</u>	<u>\$ 209,953,522</u>	<u>\$ 212,062,581</u>

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 117,860,004	\$ 120,200,518	\$ 118,628,873	\$ 116,156,331	\$ 119,632,622	\$ 125,400,639
2,727,121	5,213,847	5,243,669	3,321,577	3,962,783	4,397,812
1,741,829	11,343,346	12,514,381	14,939,254	13,182,105	13,746,082
-	-	-	-	-	474,700
69,306	4,511,078	4,969,244	5,238,370	2,077,923	2,325,070
4,538,256	21,068,271	22,727,294	23,499,201	19,222,811	20,943,664
28,287,115	11,301,287	12,619,271	15,467,624	18,050,956	14,694,051
150,685,375	152,570,076	153,975,438	155,123,156	156,906,389	161,038,354
51,418,176	50,282,917	51,205,188	52,401,013	51,205,761	55,221,666
4,223,890	3,696,467	2,140,970	2,035,413	2,415,159	1,658,404
57,723	372,691	103,510	-	44,000	66,000
-	-	-	-	-	2,025
4,281,613	4,069,158	2,244,480	2,035,413	2,459,159	1,726,429
6,880,529	8,249,952	11,483,226	13,503,553	17,867,439	18,391,654
62,580,318	62,602,027	64,932,894	67,939,979	71,532,359	75,339,749
169,278,180	170,483,435	169,834,061	168,557,344	170,838,383	180,622,305
6,951,011	8,910,314	7,384,639	5,356,990	6,377,942	6,056,216
1,799,552	11,716,037	12,617,891	14,939,254	13,226,105	13,812,082
-	-	-	-	-	476,725
69,306	4,511,078	4,969,244	5,238,370	2,077,923	2,325,070
8,819,869	25,137,429	24,971,774	25,534,614	21,681,970	22,670,093
35,167,644	19,551,239	24,102,497	28,971,177	35,918,395	33,085,705
<u>\$ 213,265,693</u>	<u>\$ 215,172,103</u>	<u>\$ 218,908,332</u>	<u>\$ 223,063,135</u>	<u>\$ 228,438,748</u>	<u>\$ 236,378,103</u>

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

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Expenses						
Governmental Activities:						
General Government	\$ 10,975,627	\$ 13,206,656	\$ 14,062,762	\$ 12,836,604	\$ 10,173,033	\$ 10,878,275
Public Safety	16,234,941	17,855,927	19,491,191	20,352,956	20,987,542	21,030,800
Highways and Public Improvements	6,485,972	6,574,954	8,646,549	8,299,238	7,677,709	8,445,665
Parks, Recreation and Arts	6,866,860	7,904,959	9,416,719	9,474,718	9,291,122	9,018,719
Economic and Physical Development	4,555,829	4,134,244	3,221,573	1,886,214	1,868,880	1,831,623
Redevelopment	846,212	1,189,544	593,283	1,026,908	1,030,308	1,039,965
Interest on Long-term Debt	2,083,152	2,263,478	2,217,525	2,171,793	2,130,686	1,857,526
Total Governmental Activities Expenses	48,048,593	53,129,762	57,649,602	56,048,431	53,159,280	54,102,573
Business-type Activities:						
Water	7,503,542	7,431,471	8,388,236	8,849,126	9,790,583	9,726,003
Water Reclamation	5,975,572	5,894,276	5,982,610	5,996,131	5,963,812	5,924,058
Storm Sewer	1,814,312	1,734,893	2,004,281	2,250,279	2,312,019	2,272,163
Recreation	1,989,045	1,567,468	1,617,587	1,695,721	1,766,296	1,765,355
Solid Waste	2,774,492	2,955,318	3,014,707	3,128,564	3,211,021	3,180,547
Street Lighting	1,131,094	1,166,820	1,244,305	1,250,380	1,275,827	1,282,288
Total Business-type Activities Expenses	21,188,057	20,750,246	22,251,726	23,170,201	24,319,558	24,150,414
Total Primary Government Expenses	69,236,650	73,880,008	79,901,328	79,218,632	77,478,838	78,252,987
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	10,282,461	11,054,187	11,697,008	9,687,642	7,689,108	8,778,383
Public Safety	2,755,785	3,156,406	3,339,720	4,928,986	4,603,279	4,246,902
Parks, Recreation and Arts	19,717	301,383	545,132	621,115	554,474	818,010
Economic and Physical Development	289,476	273,279	277,113	306,039	33,632	9,571
Operating Grants and Contributions	1,597,103	852,452	1,438,884	1,369,082	1,595,959	2,254,533
Capital Grants and Contributions	4,168,784	5,800,844	4,127,289	2,881,835	3,074,396	2,966,474
Total Governmental Activities Program Revenues	19,123,326	21,438,551	21,425,146	19,794,699	17,550,848	19,073,873
Business-type Activities:						
Charges for Services:						
Water	6,952,156	7,741,810	9,331,098	9,402,862	8,468,089	9,237,211
Water Reclamation	5,800,558	6,154,501	6,073,791	6,060,235	6,448,057	6,597,342
Storm Sewer	2,510,331	2,523,425	2,549,082	2,688,822	2,819,306	2,639,270
Recreation	1,648,619	1,452,458	1,588,894	1,610,947	1,590,568	1,656,084
Solid Waste	2,900,873	2,893,052	2,961,104	2,999,129	3,084,768	3,102,999
Street Lighting	672,033	684,250	689,343	742,629	866,134	864,928
Operating Grants and Contributions	-	248,000	-	-	-	-
Capital Grants and Contributions	1,763,440	2,677,880	926,500	-	313,622	112,480
Total Business-type Activities Program Revenues	22,248,010	24,375,376	24,119,812	23,504,624	23,590,544	24,210,314
Total Primary Government Program Revenues	41,371,336	45,813,927	45,544,958	43,299,323	41,141,392	43,284,187
Net (Expense) Revenue						
Governmental Activities	(28,925,267)	(31,691,211)	(36,224,456)	(36,253,732)	(35,608,432)	(35,028,700)
Business-type Activities	1,059,953	3,625,130	1,868,086	334,423	(729,014)	59,900
Total Primary Government Net (Expense) Revenue	\$ (27,865,314)	\$ (28,066,081)	\$ (34,356,370)	\$ (35,919,309)	\$ (36,337,446)	\$ (34,968,800)
General Revenues and Other Changes in Net Position						
Governmental Activities:						
Taxes:						
Sales Taxes	18,008,143	21,330,290	20,616,891	17,989,571	16,779,178	17,096,224
Property Taxes	8,741,450	9,558,706	9,082,992	10,243,876	10,320,412	10,893,480
Franchise Taxes	6,888,934	6,804,907	7,291,044	7,342,725	7,643,257	7,301,384
Vehicle and Other Taxes	1,079,912	1,288,386	1,114,817	1,038,934	1,505,864	1,332,635
Unrestricted Investment Earnings	1,424,846	1,735,589	1,468,514	1,017,692	212,169	180,340
Gain on Sale of Capital Assets	774,740	3,567,621	666,063	8,591	74,794	17,405
Transfers	(751,899)	(153,471)	(1,036,106)	(1,002,148)	(68,020)	91,933
Total Governmental Activities	36,166,126	44,132,028	39,204,215	36,639,241	36,467,654	36,913,401
Business-type Activities:						
Unrestricted Investment Earnings	968,197	699,801	443,870	307,064	92,554	80,038
Gain on Sale of Capital Assets	-	7,000	131,104	79,915	10,156	(26,296)
Transfers	751,899	153,471	1,036,106	1,002,148	68,020	(91,933)
Total Business-type Activities	1,720,096	860,272	1,611,080	1,389,127	170,730	(38,191)
Total Primary Government	37,886,222	44,992,300	40,815,295	38,028,368	36,638,384	36,875,210
Change in Net Position						
Governmental Activities	7,240,859	12,440,817	2,979,759	385,509	859,222	1,884,701
Business-type Activities	2,780,049	4,485,402	3,479,166	1,723,550	(558,284)	21,709
Total Primary Government	\$ 10,020,908	\$ 16,926,219	\$ 6,458,925	\$ 2,109,059	\$ 300,938	\$ 1,906,410

Fiscal Year			
2012	2013	2014	2015
\$ 11,154,305	\$ 11,534,649	\$ 12,398,443	\$ 10,948,663
21,611,770	21,305,592	20,927,444	20,363,836
7,987,142	7,485,469	7,583,113	7,360,050
9,266,216	8,961,377	8,415,399	8,448,553
1,664,674	778,954	815,708	513,855
1,651,667	1,217,886	1,305,271	1,320,100
3,654,187	6,151,718	6,585,839	3,990,714
56,989,961	57,435,645	58,031,217	52,945,771
9,939,501	10,405,264	10,765,320	10,460,803
6,173,983	6,164,406	6,597,101	6,268,592
2,335,612	2,338,213	2,401,066	2,444,269
1,818,935	1,758,026	1,716,490	1,949,301
3,189,138	2,999,632	3,207,627	3,139,688
1,231,494	1,260,509	1,283,895	1,297,064
24,688,663	24,926,050	25,971,499	25,559,717
81,678,624	82,361,695	84,002,716	78,505,488
9,943,923	9,624,404	10,180,619	11,868,366
4,116,110	4,306,443	4,276,822	5,229,158
833,489	820,453	856,832	751,427
78,199	163,099	76,768	118,984
2,077,014	1,273,162	1,271,755	1,332,898
2,565,504	2,613,082	2,413,909	4,017,121
19,614,239	18,800,643	19,076,705	23,317,954
11,040,897	11,021,745	13,201,526	13,425,701
6,811,766	7,146,508	7,520,706	8,007,161
2,944,351	3,091,807	3,103,768	3,170,615
1,704,847	1,650,645	1,369,357	1,546,991
3,180,937	3,237,559	3,369,722	3,400,359
869,312	897,672	1,011,739	985,291
73,400	394,507	723,964	591,886
26,625,510	27,440,443	30,300,782	31,128,004
46,239,749	46,241,086	49,377,487	54,445,958
(37,375,722)	(38,635,002)	(38,954,512)	(29,627,817)
1,936,847	2,514,393	4,329,283	5,568,287
\$ (35,438,875)	\$ (36,120,609)	\$ (34,625,229)	\$ (24,059,530)
18,106,273	18,944,647	19,818,967	20,727,557
11,008,739	11,517,710	11,065,522	9,839,669
7,437,757	7,816,921	7,956,780	7,698,687
1,963,732	1,585,215	1,402,481	828,941
288,930	274,462	421,721	402,246
73,693	43,371	54,728	2,539,390
(98,040)	(399,606)	500,649	532,903
38,781,084	39,782,720	41,220,848	42,569,393
125,167	90,651	98,093	122,371
170,813	2,435	10,733	85,244
98,040	399,606	(500,649)	(532,903)
394,020	492,692	(391,823)	(325,288)
39,175,104	40,275,412	40,829,025	42,244,105
1,405,362	1,147,718	2,266,336	12,941,576
2,330,867	3,007,085	3,937,460	5,242,999
\$ 3,736,229	\$ 4,154,803	\$ 6,203,796	\$ 18,184,575

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 30,351	\$ 19,799	\$ 22,636	\$ 26,745
Restricted	1,322,355	1,720,950	1,635,185	1,743,596
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	6,140,485	9,031,333	10,962,112	6,773,200
Total General Fund	<u>7,493,191</u>	<u>10,772,082</u>	<u>12,619,933</u>	<u>8,543,541</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	3,385,254	5,883,576	7,519,224	9,670,532
Committed	9,713,980	1,911,824	-	-
Assigned	7,616,406	7,923,283	6,008,984	5,972,530
Total All Other Governmental Funds	<u>20,715,640</u>	<u>15,718,683</u>	<u>13,528,208</u>	<u>15,643,062</u>
Total Governmental Funds				
Nonspendable	30,351	19,799	22,636	26,745
Restricted	4,707,609	7,604,526	9,154,409	11,414,128
Committed	9,713,980	1,911,824	-	-
Assigned	7,616,406	7,923,283	6,008,984	5,972,530
Unassigned	6,140,485	9,031,333	10,962,112	6,773,200
Total Governmental Funds	<u>\$ 28,208,831</u>	<u>\$ 26,490,765</u>	<u>\$ 26,148,141</u>	<u>\$ 24,186,603</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 51,604	\$ 107,041	\$ 97,590	\$ 183,807	\$ 146,343	\$ 70,707
4,345,683	5,439,904	5,367,461	5,721,516	5,554,462	6,057,938
-	497,768	75,000	75,000	75,000	-
-	1,226,527	2,145,703	1,500,374	1,893,107	3,125,711
5,410,613	3,471,493	3,396,016	6,092,838	10,073,358	12,747,875
9,807,900	10,742,733	11,081,770	13,573,535	17,742,270	22,002,231
1,442,352	3,406,170	4,341,351	2,473,532	-	-
9,746,056	12,115,156	12,920,892	15,120,346	13,522,006	14,340,319
-	109,753	-	-	-	-
4,433,744	1,158,818	2,487,021	3,518,562	2,380,417	6,546,914
15,622,152	16,789,897	19,749,264	21,112,440	15,902,423	20,887,233
1,493,956	3,513,211	4,438,941	2,657,339	146,343	70,707
14,091,739	17,555,060	18,288,353	20,841,862	19,076,468	20,398,257
-	607,521	75,000	75,000	75,000	-
4,433,744	2,385,345	4,632,724	5,018,936	4,273,524	9,672,625
5,410,613	3,471,493	3,396,016	6,092,838	10,073,358	12,747,875
<u>\$ 25,430,052</u>	<u>\$ 27,532,630</u>	<u>\$ 30,831,034</u>	<u>\$ 34,685,975</u>	<u>\$ 33,644,693</u>	<u>\$ 42,889,464</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Taxes and Special Assessments	\$ 35,035,714	\$ 39,405,860	\$ 38,517,744	\$ 37,312,000	\$ 36,955,125
Licenses and Permits	1,880,567	1,647,862	1,596,935	1,027,151	1,080,748
Intergovernmental	4,110,180	3,656,271	4,325,215	3,836,399	4,670,355
Charges for Services	3,865,549	4,509,999	4,832,559	5,819,384	5,621,965
Fines and Forfeitures	534,071	607,152	580,510	608,103	618,992
Charges for Services - Other Funds	3,681,670	3,821,727	3,921,154	4,081,747	4,347,299
Interest Income	1,270,386	1,619,097	1,321,190	732,409	209,311
Miscellaneous Revenue	2,182,772	5,410,441	1,642,446	1,523,945	2,755,608
Total Revenues	52,560,909	60,678,409	56,737,753	54,941,138	56,259,403
Expenditures					
General Government	10,133,159	11,243,791	11,620,136	11,433,442	10,843,565
Public Safety	15,534,673	16,593,911	17,851,249	19,338,116	19,729,088
Highways and Public Improvements	4,223,289	4,062,508	4,107,184	4,188,647	5,322,963
Parks, Recreation and Arts	5,294,410	5,974,738	7,807,327	8,052,037	7,785,452
Economic and Physical Development	3,354,384	3,500,924	1,998,675	676,049	667,883
Redevelopment	594,165	620,031	577,702	939,909	940,879
Debt Service:					
Principal Retirement	4,319,780	2,967,022	3,260,950	6,860,871	4,200,905
Interest and Fiscal Charges	2,226,774	2,191,810	2,146,891	2,436,375	2,197,450
Capital Lease Payments - Principal	112,590	115,378	68,361	87,660	37,200
Capital Lease Payments - Interest	18,327	11,815	5,824	4,755	2,259
Capital Outlay	12,971,979	17,514,340	10,520,814	5,985,800	3,606,664
Total Expenditures	58,783,530	64,796,268	59,965,113	60,003,661	55,334,308
Excess of Revenues over (under) Expenditures	(6,222,621)	(4,117,859)	(3,227,360)	(5,062,523)	925,095
Other Financing Sources (Uses)					
Issuance of Bonds & Other Debt	8,623,563	6,814,204	7,290,169	6,926,936	4,809,811
Payment to Bond Refunding Agent	-	(3,770,800)	(5,750,946)	(2,905,000)	(4,703,082)
Proceeds from Asset Disposals	152,725	5,791	669,351	17,044	221,820
Proceeds from Lease Relinquishments	-	-	-	-	-
Capital Leases	-	-	90,783	34,977	-
Transfers In	9,018,070	7,873,388	6,648,353	6,902,301	12,735,609
Transfers Out	(9,769,144)	(8,522,790)	(7,038,634)	(7,875,273)	(12,790,590)
Total Other Financing Sources (Uses)	8,025,214	2,399,793	1,909,076	3,100,985	273,568
Net Change in Fund Balances	\$ 1,802,593	\$ (1,718,066)	\$ (1,318,284)	\$ (1,961,538)	\$ 1,198,663
Debt Service as a percentage of Noncapital Expenditures	14.6%	11.4%	10.8%	17.1%	12.3%

Fiscal Year				
2011	2012	2013	2014	2015
\$ 36,999,164	\$ 40,286,108	\$ 40,595,860	\$ 40,004,715	\$ 43,549,348
1,213,994	1,093,859	1,147,855	1,437,173	2,524,794
5,221,007	4,642,518	3,886,244	3,685,664	5,350,019
5,744,989	5,789,061	6,026,996	6,387,452	7,624,838
1,073,523	1,343,329	1,358,345	1,587,870	1,792,829
4,239,346	4,478,369	4,447,898	4,498,406	4,042,299
259,815	340,125	274,439	420,619	397,648
1,892,299	2,256,723	1,889,659	1,557,414	1,587,285
56,644,137	60,230,092	59,627,296	59,579,313	66,869,060
11,562,870	10,348,586	11,093,324	11,609,569	11,539,358
20,098,983	20,371,289	20,332,951	19,951,315	19,847,226
4,285,166	3,707,727	2,974,008	2,934,326	2,828,824
7,510,159	7,730,925	7,558,171	7,016,106	7,485,247
630,073	1,588,116	707,403	707,759	886,236
950,536	1,562,238	1,128,457	1,215,842	1,231,600
4,877,352	3,834,833	3,130,714	3,814,621	5,486,955
1,983,792	3,821,259	6,233,296	6,706,815	4,201,272
34,028	31,132	98,213	108,318	108,376
1,718	1,989	12,099	10,218	9,177
4,712,497	4,435,299	1,963,153	7,180,569	7,573,606
56,647,174	57,433,393	55,231,789	61,255,458	61,197,877
(3,037)	2,796,699	4,395,507	(1,676,145)	5,671,183
1,915,000	1,814,000	-	-	10,174,331
-	(1,785,000)	-	-	(9,792,760)
25,000	45,598	48,275	107,760	42,869
-	-	-	-	2,500,000
73,078	525,147	-	26,454	64,113
4,018,147	5,933,470	7,199,980	7,452,857	11,483,900
(3,925,610)	(6,031,510)	(7,788,821)	(6,952,208)	(10,898,865)
2,105,615	501,705	(540,566)	634,863	3,573,588
\$ 2,102,578	\$ 3,298,404	\$ 3,854,941	\$ (1,041,282)	\$ 9,244,771

13.0% 14.3% 17.4% 19.2% 18.0%

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

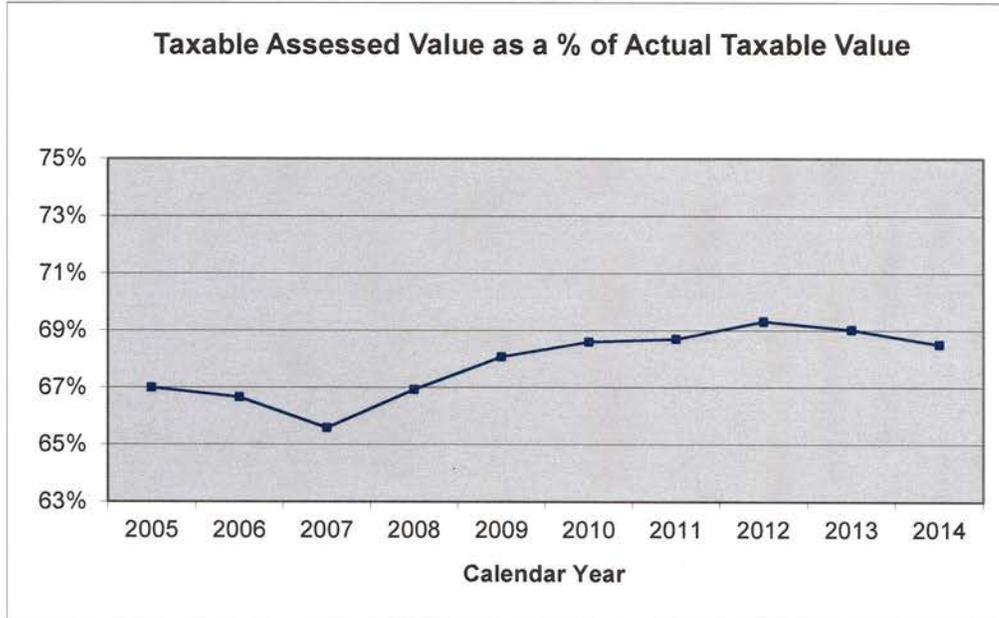
Calendar Year ¹	Taxable Assessed Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
2005	\$ 1,992,628,465	\$ 434,933	\$ 1,017,869,457	\$ 903,526	\$ 31,998,112
2006	2,149,974,976	2,163,884	1,076,093,714	817,809	26,283,264
2007	2,826,766,252	3,979,753	1,274,663,047	507,506	21,832,436
2008	2,843,159,747	5,025,651	1,540,471,628	505,940	19,916,072
2009	2,531,397,498	88,201,742	1,625,957,618	927,232	5,171,123
2010	2,442,893,252	69,047,883	1,665,301,399	477,597	3,173,671
2011	2,319,187,515	60,784,441	1,551,035,553	446,286	3,599,142
2012	2,284,573,816	4,073,304	1,451,256,784	544,039	136,586,644
2013	2,372,218,303	4,459,944	1,455,891,528	528,035	127,808,953
2014	2,625,764,385	7,388,684	1,540,311,362	486,609	147,878,177

Source: Utah State Tax Commission - Property Tax Division

Notes: Property in the City of Orem is reassessed once every five years, on average. The county 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
\$ 213,740,087	\$ 51,946,930	\$ 3,309,521,510	\$ 0.002036	\$ 4,940,209,745	66.99%
233,802,981	30,101,214	3,519,237,842	0.002045	5,280,078,727	66.65%
253,305,890	32,014,012	4,413,068,896	0.001670	6,729,133,809	65.58%
277,909,182	29,177,534	4,716,165,754	0.001578	7,046,499,261	66.93%
292,671,778	25,501,802	4,569,828,793	0.001676	6,713,137,262	68.07%
275,721,406	33,596,021	4,490,211,229	0.001739	6,545,435,794	68.60%
294,715,129	43,727,917	4,273,495,983	0.001879	6,220,745,765	68.70%
310,397,550	43,171,491	4,230,603,628	0.001921	6,103,133,090	69.32%
328,234,567	44,814,165	4,333,955,495	0.001871	6,278,510,424	69.03%
322,456,519	43,654,474	4,687,940,210	0.001716	6,842,338,176	68.51%



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

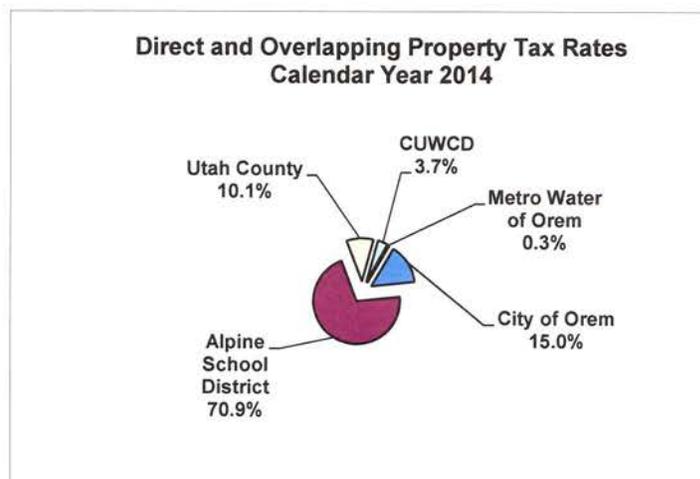
Calendar Year ²	City of Orem Direct Rates			Overlapping Rates ¹					Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem		
2005	0.001485%	0.000551%	0.002036%	0.008082%	0.001391%	0.000400%	0.000043%	0.011952%	
2006	0.001404	0.000641	0.002045	0.006883	0.001262	0.000357	0.000042	0.010589	
2007	0.001154	0.000516	0.001670	0.006937	0.001000	0.000302	0.000035	0.009944	
2008	0.001091	0.000487	0.001578	0.007057	0.001105	0.000286	0.000033	0.010059	
2009	0.001166	0.000510	0.001676	0.007541	0.001203	0.000400	0.000035	0.010855	
2010	0.001220	0.000519	0.001739	0.008220	0.001294	0.000421	0.000036	0.011710	
2011	0.001325	0.000554	0.001879	0.008812	0.001342	0.000436	0.000039	0.012508	
2012	0.001355	0.000566	0.001921	0.008828	0.001324	0.000455	0.000040	0.012568	
2013	0.001324	0.000547	0.001871	0.008699	0.001259	0.000446	0.000039	0.012314	
2014	0.001217	0.000499	0.001716	0.008096	0.001149	0.000422	0.000036	0.011419	

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 2014			Calendar Year 2005		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
University Mall	\$ 119,203,099	1	2.54%	\$ 71,604,041	1	2.16%
TCU Properties	57,268,400	2	1.22%	----		----
Pacificorp	44,551,270	3	0.95%	22,998,270	3	0.69%
Timpanogos Regional Hospital	42,279,850	4	0.90%	19,000,000	4	0.57%
Pinnacle Apartments	25,223,500	5	0.54%	----		----
Wolverine Crossing LLC	21,118,094	6	0.45%	14,778,667	6	0.45%
University Crossing Shopping Ctr	20,555,400	7	0.44%	----		----
Questar Gas	19,987,882	8	0.43%	13,355,406	9	0.40%
Boyer Lake Point Shopping Ctr	16,918,600	9	0.36%	----		----
Village Park Apartments	16,848,200	10	0.36%	----		----
Retail Trust III (Walmart)	16,543,300	11	0.35%	13,675,892	8	0.41%
Carillon Square LLC	15,018,900	12	0.32%	----		----
CenturyLink (Qwest Corp.)	----		----	23,224,025	2	0.70%
Greater Growth Properties (GGP)	----		----	15,688,500	5	0.47%
Nordstrom	----		----	14,000,000	7	0.42%
Dayton Hudson Corporation	----		----	12,600,000	10	0.38%
Canyon River Partnership	----		----	11,675,992	11	0.35%
Dickson Properties LLC	----		----	11,510,844	12	0.35%
Total	\$ 415,516,495		8.86%	\$ 244,111,637		7.38%

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

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

Calendar Year ¹	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections by Tax Levy Year	Total Tax Collections
2005	\$ 6,184,713	\$ 5,689,452	91.99%	\$ 413,612	\$ 6,103,064
2006	6,628,909	6,136,638	92.57%	434,205	6,570,843
2007	6,797,960	6,247,920	91.91%	483,271	6,731,191
2008	6,760,841	6,077,279	89.89%	596,016	6,673,295
2009	6,953,441	6,216,940	89.41%	638,316	6,855,256
2010	7,075,315	6,381,759	90.20%	594,240	6,975,999
2011	7,301,643	6,644,493	91.00%	558,384	7,202,877
2012	7,370,522	6,788,600	92.10%	477,391	7,265,991
2013	7,374,914	6,815,131	92.41%	435,628	7,250,759
2014	7,387,198	6,793,773	91.97%	479,138	7,272,911

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

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes by Tax Levy Year</u>	<u>Ratio of Outstanding Delinquent Taxes to Total Tax Levy</u>
98.68%	\$ 81,649	1.32%
99.12%	58,066	0.88%
99.02%	66,769	0.98%
98.71%	87,546	1.29%
98.59%	98,185	1.41%
98.60%	99,316	1.40%
98.65%	98,766	1.35%
98.58%	104,531	1.42%
98.32%	124,155	1.68%
98.45%	114,287	1.55%

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

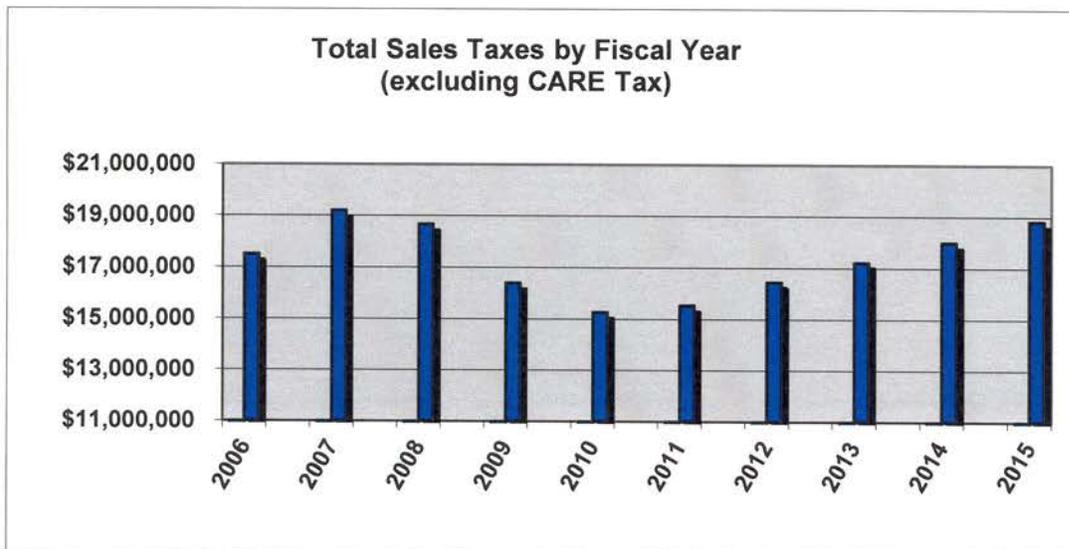
	Fiscal Year			
	2006	2007	2008	2009
General Merchandise and Groceries	\$ 4,583,315	\$ 4,449,949	\$ 4,598,711	\$ 4,651,651
Building Materials, Hardware, and Tools	3,113,143	3,523,720	2,922,582	1,978,366
Auto Dealers, Supplies, and Accessories	2,400,102	2,620,381	2,603,405	2,191,650
Home Furnishings, Appliances, & Electronics	2,176,207	2,085,481	1,973,203	1,587,587
Eating and Drinking Establishments	1,092,668	1,057,380	1,045,771	1,037,920
Clothing, Apparel, and Accessories	901,081	1,332,725	1,516,201	1,405,704
Professional Equipment and Supplies	838,456	904,339	974,911	898,478
Arts, Crafts, and Specialty Items	574,746	588,905	454,428	408,061
Amusement and Recreation	516,686	618,918	576,829	564,190
All Other Categories	1,313,806	2,034,389	2,018,648	1,690,771
Subtotal - City Direct	17,510,210	19,216,187	18,684,689	16,414,378
Cultural Arts & Recreation Enhancement (CARE)	497,933	2,114,103	1,932,202	1,575,193
Total City Direct Sales Taxes	\$ 18,008,143	\$ 21,330,290	\$ 20,616,891	\$ 17,989,571
Total City Direct Sales Tax Rate ¹	1.00%	1.00%	1.10%	1.10%
% Increase (Decrease) from prior year	17.14%	18.45%	-3.34%	-12.74%
% Increase (Decrease) from prior year, excluding CARE Tax amounts	13.90%	9.74%	-2.77%	-12.15%

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 156 for additional information regarding this rate.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 4,660,428	\$ 4,712,411	\$ 4,959,192	\$ 5,030,506	\$ 5,140,689	\$ 5,277,987
1,512,797	1,499,525	1,589,790	1,576,835	1,661,997	1,801,399
2,111,247	2,141,910	2,338,347	2,769,371	2,874,555	2,899,382
1,452,814	1,428,452	1,560,747	1,614,843	1,685,399	1,786,258
1,002,978	1,097,571	1,200,356	1,104,646	1,168,448	1,245,543
1,319,296	1,352,740	1,435,943	1,397,682	1,464,384	1,528,112
906,171	933,040	1,031,773	1,207,903	1,378,551	1,429,657
305,719	338,630	312,424	291,241	322,670	359,128
563,129	540,342	559,763	551,462	578,775	650,710
1,442,919	1,494,365	1,465,414	1,688,683	1,732,104	1,852,879
15,277,498	15,538,986	16,453,749	17,233,172	18,007,572	18,831,055
1,501,679	1,557,238	1,652,524	1,711,475	1,811,395	1,888,230
\$ 16,779,177	\$ 17,096,224	\$ 18,106,273	\$ 18,944,647	\$ 19,818,967	\$ 20,719,285

1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
-6.73%	1.89%	5.91%	4.63%	4.62%	4.54%
-6.93%	1.71%	5.89%	4.74%	4.49%	4.57%



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

	Fiscal Year 2015			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	663	12.32%	\$ 5,510,682	26.60%
Building Materials, Hardware, and Tools	326	6.06%	\$ 1,915,816	9.25%
Auto Dealers, Supplies, and Accessories	327	6.08%	\$ 3,014,150	14.55%
Home Furnishings, Appliances, & Electronics	263	4.89%	\$ 1,878,564	9.07%
Eating and Drinking Establishments	210	3.90%	\$ 1,319,247	6.37%
Clothing, Apparel, and Accessories	208	3.87%	\$ 1,601,114	7.73%
Professional Equipment and Supplies	1,005	18.68%	\$ 1,782,384	8.60%
Arts, Crafts, and Specialty Items	275	5.11%	\$ 455,645	2.20%
Amusement and Recreation	193	3.59%	\$ 718,448	3.47%
All Other Categories	1,910	35.50%	\$ 2,523,236	12.18%
Total	5,380	100.00%	\$ 20,719,285	100.00%

	Fiscal Year 2006			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	303	10.67%	\$ 4,636,421	25.75%
Building Materials, Hardware, and Tools	227	7.99%	\$ 3,152,929	17.51%
Auto Dealers, Supplies, and Accessories	279	9.82%	\$ 2,449,001	13.60%
Home Furnishings, Appliances, & Electronics	228	8.03%	\$ 2,216,168	12.31%
Eating and Drinking Establishments	205	7.22%	\$ 1,128,598	6.27%
Clothing, Apparel, and Accessories	127	4.47%	\$ 923,340	5.13%
Professional Equipment and Supplies	394	13.87%	\$ 907,511	5.04%
Arts, Crafts, and Specialty Items	236	8.31%	\$ 616,109	3.42%
Amusement and Recreation	119	4.19%	\$ 537,543	2.98%
All Other Categories	723	25.45%	\$ 1,440,524	8.00%
Total	2,841	100.00%	\$ 18,008,143	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		
	2015			2006		
	Sales	Rank	Percentage	Sales	Rank	Percentage
	Taxes ¹		of Total	Taxes ¹		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
Brent Brown Toyota	N/A	4	N/A	----		----
RC Willey Home Furnishings	N/A	5	N/A	N/A	3	N/A
Pacificorp (Utah Power & Light)	N/A	6	N/A	N/A	6	N/A
Winco Foods	N/A	7	N/A	----		----
Ken Garff Motors	N/A	8	N/A	----		----
Doterra	N/A	9	N/A	----		----
Ken Garff Honda of Orem	N/A	10	N/A	----		----
Garff Warner Nissan of Orem	N/A	11	N/A	----		----
Best Buy Stores LP	N/A	12	N/A	N/A	11	N/A
Mountainland Supply Company	----		----	N/A	5	N/A
Geneva Rock Products	----		----	N/A	7	N/A
Lowes (Eagle) Hardware	----		----	N/A	8	N/A
Stock Building Supply	----		----	N/A	9	N/A
BMC Holdings Inc.	----		----	N/A	10	N/A
Questar Gas Company	----		----	N/A	12	N/A
Total	\$ 5,619,181		29.84%	\$ 6,223,902		35.54%

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
2006	1.00%	0.10%	1.10%	0.25%	--	--	4.75%	0.25%	6.35%
2007	1.00	0.10	1.10	0.25	0.25	--	4.75	0.25	6.60
2008	1.00	0.10	1.10	0.25	0.30	--	4.65	0.25	6.55
2009	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2010	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2011	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2012	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2013	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2014	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2015	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. It was reauthorized by citizen vote in November 2013 to continue for another ten years.

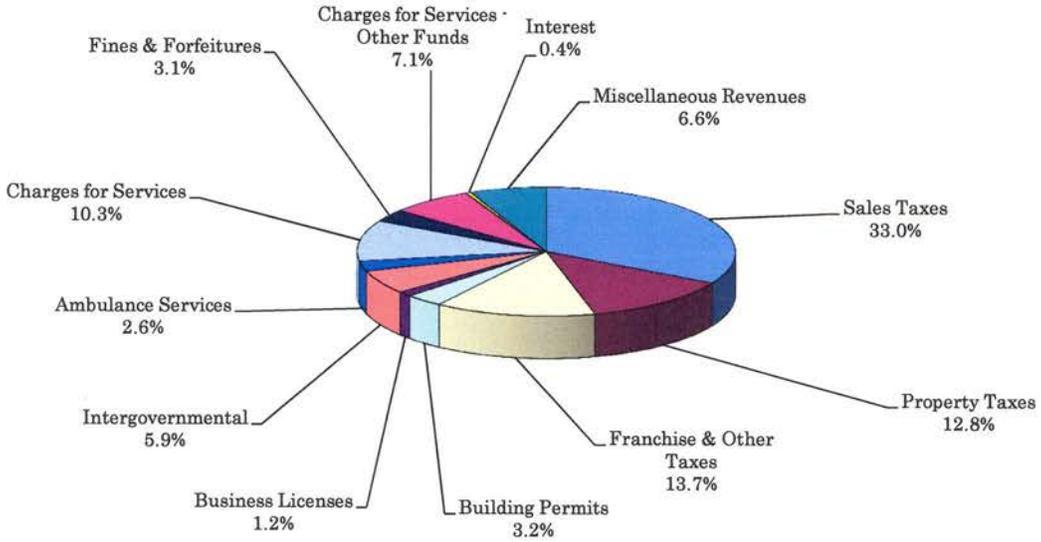
² This additional sales tax rate was voted on by the citizens of Utah County and went into effect on April 1, 2007. The additional tax is to be used to fund highways, fixed guideways, or systems for public transit.

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.

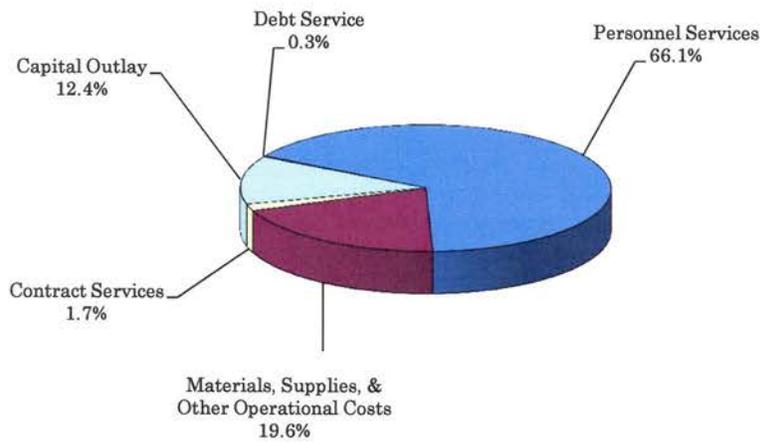
⁴ The total sales tax rate for non-prepared food and food ingredients was set at 3.00% statewide (1.00% City Direct Rate, 0.25% County Direct Rate, and 1.75% State Direct Rate) and went into effect on January 1, 2008.

City of Orem
 General Fund - Revenues and Expenditures
 For The Year Ended June 30, 2015
 (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 Obligation Bonds	G.O. Bonds Issuance Premiums	Special Assessment Bonds	Sales Tax Revenue Bonds	Franchise Tax Revenue Bonds	Lease Revenue Bonds	Revenue Bonds Issuance Premiums
2006	\$ 21,995,000	\$ 314,218	\$ 3,195,000	\$ 10,810,000	\$ -	\$ 9,170,000	\$ -
2007	21,025,000	297,476	2,940,000	10,310,000	-	8,423,000	-
2008	19,960,000	280,734	2,675,000	9,985,000	-	7,343,000	161,828
2009	18,825,000	379,497	6,338,000	9,405,000	-	6,222,000	150,887
2010	17,665,000	349,032	5,806,000	8,790,000	4,375,000	380,000	558,906
2011	16,460,000	318,566	7,229,000	8,115,000	3,875,000	-	493,615
2012	15,210,000	288,101	5,925,000	7,434,000	3,375,000	-	428,323
2013	13,900,000	257,636	5,444,000	6,688,000	2,850,000	-	363,031
2014	12,550,000	227,170	4,446,000	5,848,000	2,300,000	-	297,740
2015	11,830,000	695,160	1,155,000	4,995,000	1,750,000	-	232,449

Business-type Activities					
Fiscal Year	Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Revenue Bonds Issuance Premiums	Capital Leases	Total Business- type Activities
2006	\$ 1,873,757	\$ 17,440,000	\$ 724,418	\$ 52,829	\$ 20,091,004
2007	1,692,757	17,950,000	686,540	39,834	20,369,131
2008	1,505,757	24,593,000	727,434	21,210	26,847,401
2009	1,311,757	23,859,000	685,626	1,556	25,857,939
2010	3,019,757	23,043,000	643,817	-	26,706,574
2011	10,312,757	22,190,000	602,009	-	33,104,766
2012	12,578,757	21,300,000	560,200	-	34,438,957
2013	11,762,757	20,383,000	518,391	-	32,664,148
2014	10,938,757	21,535,000	476,585	-	32,950,342
2015	10,107,000	20,307,000	434,776	-	30,848,776

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

<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Total Governmental Activities</u>
\$ 3,597,449	\$ 243,896	\$ 49,325,563
6,396,631	124,186	49,516,293
7,476,274	140,400	48,022,236
3,691,403	81,166	45,092,953
2,964,498	43,447	40,931,883
1,339,146	82,497	37,912,824
1,268,313	576,512	34,505,249
1,199,599	478,299	31,180,565
1,122,977	396,436	27,188,323
1,045,022	352,173	22,054,804

<u>Total Primary Government</u>		
<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Direct City Debt Per Capita</u>
\$ 69,416,567	4.65%	\$794
69,885,424	4.27	797
74,869,637	4.55	850
70,950,892	4.43	804
67,638,457	4.55	766
71,017,590	4.75	801
68,944,206	4.42	772
63,844,713	3.67	713
60,138,665	3.47	667
52,903,580	2.92	565

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
2006	87,399	\$ 3,309,521,510	\$ 25,504,218	\$ 604,104	\$ 24,900,114	0.75%	\$285
2007	87,662	3,519,237,842	24,262,476	645,663	23,616,813	0.58	269
2008	88,073	4,413,068,896	22,915,734	655,990	22,259,744	0.44	253
2009	88,196	4,716,165,754	25,542,497	3,278,577	22,263,920	0.33	252
2010	88,256	4,569,828,793	23,820,032	2,475,955	21,344,077	0.33	242
2011	88,697	4,490,211,229	24,007,566	49,299	23,958,267	0.37	270
2012	89,279	4,273,495,983	21,423,101	1,282,169	20,140,932	0.33	226
2013	89,584	4,230,603,628	19,601,636	1,654,406	17,947,230	0.29	200
2014	90,154	4,333,955,495	17,223,170	1,441,737	15,781,433	0.26	175
2015	93,601	4,687,940,210	13,680,160	2,254,606	11,425,554	0.17	122

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, 2015
 (Unaudited)

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to the Citizens of the City of Orem ¹	Amount Applicable to the Citizens of the City of Orem
Direct Debt:			
City of Orem	\$ 22,054,802	100.0000%	\$ 22,054,802
Overlapping Debt:			
Alpine School District	455,597,890	25.6840%	117,015,959
Utah County	-	16.4564%	-
Central Utah Water Conservancy District	<u>247,304,046</u>	3.8608%	<u>9,547,900</u>
Total Overlapping Debt	702,901,936		126,563,859
Total Direct and Overlapping Debt	<u><u>\$ 724,956,738</u></u>		<u><u>\$ 148,618,661</u></u>
Total Direct and Overlapping Debt Per Capita			<u><u>\$ 1,588</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			
	2006	2007	2008	2009
<u>General Purposes (4%)</u>				
Debt Limit	\$ 197,608,390	\$ 211,408,327	\$ 269,165,352	\$ 281,859,970
Total Net Debt Applicable to Limit	(21,390,896)	(20,379,337)	(19,304,010)	(15,546,423)
Legal Debt Margin	<u>\$ 176,217,494</u>	<u>\$ 191,028,990</u>	<u>\$ 249,861,342</u>	<u>\$ 266,313,547</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	10.82%	9.64%	7.17%	5.52%
<u>Water, Sewer, & Lighting (4%)</u>				
Debt Limit	\$ 197,608,390	\$ 211,408,327	\$ 269,165,352	\$ 281,859,970
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 197,608,390</u>	<u>\$ 211,408,327</u>	<u>\$ 269,165,352</u>	<u>\$ 281,859,970</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%
<u>Total (8%)</u>				
Debt Limit	\$ 395,216,780	\$ 422,816,654	\$ 538,330,704	\$ 563,719,940
Total Net Debt Applicable to Limit	(21,390,896)	(20,379,337)	(19,304,010)	(15,546,423)
Legal Debt Margin	<u>\$ 373,825,884</u>	<u>\$ 402,437,317</u>	<u>\$ 519,026,694</u>	<u>\$ 548,173,517</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	5.41%	4.82%	3.59%	2.76%

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

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 268,525,490	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324	\$ 251,140,417	\$ 273,693,527
(15,189,045)	(16,410,701)	(13,927,831)	(12,418,290)	(15,781,433)	(11,425,554)
<u>\$ 253,336,445</u>	<u>\$ 245,406,731</u>	<u>\$ 234,902,000</u>	<u>\$ 231,707,034</u>	<u>\$ 235,358,984</u>	<u>\$ 262,267,973</u>
5.66%	6.27%	5.60%	5.09%	6.28%	4.17%
\$ 268,525,490	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324	\$ 251,140,417	\$ 273,693,527
<u>\$ 268,525,490</u>	<u>\$ 261,817,432</u>	<u>\$ 248,829,831</u>	<u>\$ 244,125,324</u>	<u>\$ 251,140,417</u>	<u>\$ 273,693,527</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 537,050,980	\$ 523,634,864	\$ 497,659,662	\$ 488,250,648	\$ 502,280,834	\$ 547,387,054
(15,189,045)	(16,410,701)	(13,927,831)	(12,418,290)	(15,781,433)	(11,425,554)
<u>\$ 521,861,935</u>	<u>\$ 507,224,163</u>	<u>\$ 483,731,831</u>	<u>\$ 475,832,358</u>	<u>\$ 486,499,401</u>	<u>\$ 535,961,500</u>
2.83%	3.13%	2.80%	2.54%	3.14%	2.09%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Valuations:

Taxable Value	<u>\$ 4,687,940,210</u>
Estimated Market Value	<u>\$ 6,842,338,176</u>

Legal Debt Margin:

Debt Limitation - 8% of Estimated Market Value ¹	\$ 547,387,054
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (13,680,160)
Less:	
Assets in Debt Service Funds Available for payment of Principal ²	<u>2,254,606</u>
Total Debt Applicable to Limitation	<u>(11,425,554)</u>
Legal Debt Margin	<u>\$ 535,961,500</u>

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

Fiscal Year	Sales Tax Revenue Bonds				Special Assessment Bonds			
	Sales Taxes	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2006	\$ 18,008,143	\$ 475,000	\$ 539,136	17.76	\$ 417,274	\$ 1,540,000	\$ 231,152	0.24
2007	21,330,290	500,000	522,986	20.85	419,611	255,000	159,750	1.01
2008	20,616,891	530,000	485,915	20.29	415,963	265,000	147,000	1.01
2009	17,989,571	580,000	449,044	17.48	136,654	280,000	133,750	0.33
2010	16,779,178	615,000	424,457	16.14	470,980	532,000	256,697	0.60
2011	17,096,224	675,000	396,907	15.95	746,111	492,000	290,109	0.95
2012	18,106,273	710,000	367,619	16.80	2,810,547	1,304,000	372,537	1.68
2013	18,944,647	746,000	268,182	18.68	1,418,179	481,000	316,172	1.78
2014	19,818,967	840,000	256,669	18.07	259,058	998,000	280,147	0.20
2015	20,719,285	853,000	243,444	18.90	3,618,683	3,291,000	206,004	1.03

Fiscal Year	Franchise Tax Revenue Bonds			
	Franchise Taxes	Debt Service		Coverage
		Principal	Interest	
2006	\$ -	\$ -	\$ -	0.00
2007	-	-	-	0.00
2008	-	-	-	0.00
2009	-	-	-	0.00
2010	7,643,257	-	-	0.00
2011	7,301,384	500,000	178,378	10.76
2012	7,437,757	500,000	163,875	11.20
2013	7,816,920	525,000	152,625	11.54
2014	7,956,780	550,000	133,219	11.65
2015	7,698,687	550,000	111,219	11.64

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	
\$ 9,141,784	\$ 6,959,093	\$ 2,182,691	\$ -	\$ 681,773	3.20
10,003,642	7,137,454	2,866,188	680,000	773,519	1.97
11,050,437	7,659,539	3,390,898	707,000	762,092	2.31
11,170,969	7,797,841	3,373,128	734,000	999,616	1.95
11,072,855	8,743,966	2,328,889	816,000	956,696	1.31
11,745,056	8,586,094	3,158,962	853,000	988,788	1.72
12,544,643	8,851,011	3,693,632	890,000	972,772	1.98
12,864,859	9,256,350	3,608,509	917,000	940,512	1.94
13,927,292	9,814,494	4,112,798	944,000	792,256	2.37
14,141,179	9,588,439	4,552,740	1,228,000	619,984	2.46

Water Quality Revenue Bonds

Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 4,481,980	\$ 4,264,174	\$ 217,806	\$ 169,000	\$ 77,595	0.88
5,341,595	4,415,907	925,688	174,243	71,675	3.76
5,678,134	4,572,648	1,105,486	181,000	65,590	4.48
5,682,018	4,864,370	817,648	187,000	59,247	3.32
5,773,255	4,964,995	808,260	194,000	52,702	3.28
5,857,655	4,905,989	951,666	200,000	45,912	3.87
6,201,588	4,872,165	1,329,423	207,000	35,893	5.47
6,380,841	5,014,836	1,366,005	816,000	24,142	1.63
6,449,844	5,016,383	1,433,461	824,000	16,372	1.71
6,444,975	4,700,320	1,744,655	831,757	8,321	2.08

City of Orem
 Long-term Bonded Indebtedness Paid By Primary Government
 Schedule of Bonded Indebtedness
 June 30, 2015
 (Unaudited)

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Term of Bonds</u>	<u>Annual Terms of Serial Bonds</u>
Governmental Activities:				
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
Series 2014 Road Bonds - Refunding	0.25% - 3.00%	11/05/14	2014-2024	Various
Total General Obligation Bonds				
Special Assessment Bonds:				
Canyon River - Special Improvement District				
Bonds - Series 2001	4.49% - 5.50%	10/02/01	2001-2016	Various
Midtown Village - Special Improvement District				
Bonds - Series 2009	4.35%	02/13/09	2009-2028	Various
Northgate - Special Improvement District				
Bonds - Series 2010	7.75%	11/02/10	2010-2025	Various
Total Special Assessment Bonds				
Revenue Bonds:				
Sales Tax Revenue Refunding Bonds - Series 2007	3.80% - 5.00%	10/17/07	2007-2023	Various
Franchise Tax Revenue Refunding Bonds - Series 2010	2.13% - 5.13%	03/16/10	2010-2018	Various
Sales Tax Revenue Refunding Bonds - Series 2012	1.50%	04/19/12	2012-2015	Various
Total Revenue Bonds				
Total Governmental Activities				
Business-type Activities:				
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
2013 Water and Storm Sewer Revenue Refunding Bonds	2.18%	07/02/13	2013-2025	Various
Total Revenue Bonds				
Total Business-type Activities				
Total Primary Government Long-term Bonded Indebtedness				

Original Amount	Principal		Interest	
	Balance 06/30/15	Retired Year Ended 06/30/15	Expense Year Ended 06/30/15	Payable In Future Years
\$ 3,975,000	\$ 905,000	\$ 425,000	\$ 43,550	\$ 34,775
\$ 8,985,000	-	5,920,000	141,130	-
\$ 5,515,000	-	3,730,000	78,208	-
\$ 2,865,000	1,280,000	290,000	59,312	116,900
\$ 9,645,000	9,645,000	-	126,318	1,310,925
	<u>11,830,000</u>	<u>10,365,000</u>	<u>448,518</u>	<u>1,462,600</u>
\$ 3,680,000	215,000	200,000	20,750	10,750
\$ 3,943,000	-	2,881,000	96,129	-
\$ 1,915,000	940,000	210,000	89,125	150,893
	<u>1,155,000</u>	<u>3,291,000</u>	<u>206,004</u>	<u>161,643</u>
\$ 5,720,000	4,995,000	575,000	239,274	665,590
\$ 4,375,000	1,750,000	550,000	111,219	157,062
\$ 1,814,000	-	278,000	4,170	-
	<u>6,745,000</u>	<u>1,403,000</u>	<u>354,663</u>	<u>822,652</u>
	<u>19,730,000</u>	<u>15,059,000</u>	<u>1,009,185</u>	<u>2,446,895</u>
\$ 3,500,000	-	237,757	8,321	-
\$ 17,390,000	805,000	750,000	47,200	16,100
\$ 3,000,000	1,758,000	146,000	28,179	159,914
\$ 5,590,000	5,200,000	75,000	268,344	3,122,442
\$ 11,889,000	10,107,000	594,000	-	-
\$ 12,801,000	12,544,000	257,000	276,261	1,652,483
	<u>30,414,000</u>	<u>2,059,757</u>	<u>628,305</u>	<u>4,950,939</u>
	<u>30,414,000</u>	<u>2,059,757</u>	<u>628,305</u>	<u>4,950,939</u>
	<u>\$ 50,144,000</u>	<u>\$ 17,118,757</u>	<u>\$ 1,637,490</u>	<u>\$ 7,397,834</u>

City of Orem
Other Long-term Liabilities Paid by Primary Government
Last Three Fiscal Years
(Unaudited)

	Fiscal Year		
	2013	2014	2015
Governmental Activities:			
Compensated Absences	\$ 1,753,381	\$ 1,828,609	\$ 1,769,182
Net Pension Liabilities	-	10,438,214	7,566,352
Claims and Judgments	980,984	925,366	659,759
Other Post-employment Benefits (OPEB)	825,626	1,350,884	1,350,884
Total Governmental Activities	<u>3,559,991</u>	<u>14,543,073</u>	<u>11,346,177</u>
Business-type Activities:			
Compensated Absences	230,542	237,884	242,609
Net Pension Liabilities	-	1,699,724	1,162,689
Total Business-type Activities	<u>230,542</u>	<u>1,937,608</u>	<u>1,405,298</u>
Primary Government:			
Compensated Absences	1,983,923	2,066,493	2,011,791
Net Pension Liabilities	-	12,137,938	8,729,041
Claims and Judgments	980,984	925,366	659,759
Other Post-employment Benefits (OPEB)	825,626	1,350,884	1,350,884
Total Primary Government	<u>\$ 3,790,533</u>	<u>\$ 16,480,681</u>	<u>\$ 12,751,475</u>

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
2006	87,399	24,504	\$ 1,491,463,935	\$ 17,065	\$ 60,866
2007	87,662	24,026	1,634,896,300	18,650	68,047
2008	88,073	25,363	1,646,524,735	18,695	64,918
2009	88,196	25,440	1,601,021,988	18,153	62,933
2010	88,256	25,517	1,487,996,160	16,860	58,314
2011	88,697	26,970	1,495,165,329	16,857	55,438
2012	89,279	27,533	1,559,347,014	17,466	56,636
2013	89,584	27,515	1,738,556,688	19,407	63,186
2014	90,154	27,486	1,734,833,422	19,243	63,117
2015	93,601	27,450	1,810,169,863	19,339	65,944

Fiscal Year	Median Age	City Unemployment Rate	K-12 Student Population ³	UVU FTE Student Population ⁴
2006	26.4	3.10%	16,630	16,081
2007	26.6	2.80	16,599	15,668
2008	26.6	3.70	16,521	16,135
2009	26.7	6.00	16,398	17,910
2010	26.7	8.00	16,112	19,670
2011	26.2	8.50	16,304	21,825
2012	26.3	6.40	16,359	22,448
2013	26.3	5.30	16,437	21,617
2014	26.4	3.90	16,275	20,697
2015	26.5	3.50	15,757	21,335

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. The data for the current fiscal year is estimated as the federal data is not available at the time this report is issued.

³ Data was provided by the Alpine School District.

⁴ Data represents fall semester counts based on the Utah Valley University (UVU) fact book. On July 1, 2008 the school began operating as a university instead of a state college.

City of Orem
Other Demographic Statistics
(Unaudited)

Census Population Count

Year	Population	Increase	Percent Increase
1890	435	-	-
1900	692	257	37.14%
1910	1,064	372	34.96
1920	1,664	600	36.06
1930	1,915	251	13.11
1940	2,914	999	34.28
1950	8,338	5,424	65.05
1960	18,394	10,056	54.67
1970	25,760	7,366	28.59
1980	52,399	26,639	50.84
1990	67,561	15,162	22.44
2000	84,324	16,763	19.88
2010	88,328	4,004	4.53

Age Distribution of Population ¹

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

¹ Source: 2010 Census

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

Taxpayer	Fiscal Year 2015			Fiscal Year 2006		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	2,511	1	7.43%	1,856	1	5.17%
Alpine School District	1,293	2	3.83%	1,084	2	3.02%
Blue Host Inc.	600	3	1.78%	----		----
U.S. Synthetic Corporation	590	4	1.75%	----		----
City of Orem	519	5	1.54%	525	4	1.46%
3B3G Holdings / Screenplay	500	6	1.48%	----		----
Timpanogos Regional Hospital	469	7	1.39%	300	10	0.84%
Blendtec, Inc.	421	8	1.25%	----		----
United Parcel Service, Inc.	366	9	1.08%	----		----
Clearlink Technologies, LLC	364	10	1.08%	----		----
Western Wats Center	----		----	700	3	1.95%
Wal-Mart	----		----	430	5	1.20%
Geneva Rock Products	----		----	400	6	1.11%
Convergys Corporation	----		----	350	7	0.98%
Phone Directories Company	----		----	320	8	0.89%
Mity-Lite Inc.	----		----	315	9	0.88%
Total	7,633		22.59%	6,280		17.50%

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			
	2006	2007	2008	2009
General Government	130	119	124	115
Public Safety:				
Police Protection	134	137	141	143
Fire Protection	56	54	59	71
Highways and Public Improvements	5	2	3	2
Parks and Recreation:				
Parks and Recreation	31	34	36	39
Library	54	50	53	54
Cemetery	5	5	6	6
Economic and Physical Development	2	1	1	2
Water	23	24	26	30
Water Reclamation	29	29	31	31
Storm Sewer	9	8	11	11
Recreation	45	49	48	50
Street Lighting	2	1	2	3
Total	525	513	541	557

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					
2010	2011	2012	2013	2014	2015
107	115	110	102	107	105
141	140	136	131	130	133
69	70	70	65	68	68
2	1	0	0	0	0
35	36	36	29	35	36
51	50	43	45	45	46
5	5	5	5	5	5
2	2	3	4	4	3
28	26	27	26	27	26
28	30	30	29	30	30
11	10	10	10	11	11
50	56	49	53	53	54
3	3	2	2	2	2
532	544	521	501	517	519

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General Government:					
Building Permits Issued	1,149	1,166	1,242	784	837
Public Safety:					
Police Protection:					
Physical Arrests	8,495	6,599	6,454	6,215	5,538
Traffic Citations	11,190	13,937	14,238	16,128	9,762
Fire Protection:					
Emergency Responses	2,338	5,476	4,650	4,350	5,230
Ambulance Transports	3,145	3,026	3,246	2,780	2,514
Other Public Safety Services:					
Emergency Dispatch Calls	34,433	37,081	38,043	40,187	41,253
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	4,500	4,300	4,290	4,615	5,047
Concrete Used - Sidewalks (Yards)	1,100	1,200	1,443	1,344	1,164
Parks and Recreation:					
Recreation Programs Participants	13,338	13,365	14,059	15,054	17,331
Library - Volumes in Collection (approx.)	284,573	289,742	297,067	295,029	297,376
Cemetery - Interments	289	290	303	266	267
Economic and Physical Development:					
Public Service Organizations Assisted	14	14	13	15	16
Housing Rehab Loans/Grants Added	8	7	7	7	9
Major Project Improvements Completed	1	0	1	1	0
Water:					
Number of Consumers	21,228	21,153	21,197	21,543	21,626
Average Daily Consumption (MGD)	23.5	23.7	25.0	23.0	23.3
Water Reclamation:					
Number of Service Connections	20,314	20,616	20,678	20,678	20,678
Average Daily Treated (MGD)	8.5	8.5	8.5	8.5	8.2
Storm Sewer:					
Number of Sumps Added	22	22	24	8	17
New Infrastructure (Feet)	4,500	6,872	12,144	7,669	13,727
Recreation:					
Fitness Center Admissions	478,630	472,168	442,281	359,844	367,941
Fitness Center Class Participants	5,403	5,988	5,515	4,923	4,466
Scera Park Pool Admissions	41,280	37,500	34,468	47,778	48,045
Scera Park Pool Class Participants	2,446	2,133	2,461	2,455	1,848
Solid Waste:					
Annual Waste Tonnage	27,193	26,586	26,566	26,924	25,631
Avg Annual Waste per Household (Tons)	1.51	1.46	1.45	1.45	1.37
Street Lighting:					
Number of Street Lights Added	230	171	149	75	67

Source: Various city departments

Fiscal Year				
2011	2012	2013	2014	2015
945	899	817	1,064	1,301
5,439	6,016	4,338	3,335	3,621
15,009	10,042	16,042	18,116	12,487
6,556	7,628	9,058	8,105	9,448
2,500	2,320	2,434	2,461	2,709
39,443	39,405	37,867	24,906	27,251
5,903	5,965	5,287	4,725	4,332
1,134	1,020	796	821	805
16,790	16,700	12,276	12,984	12,486
313,001	320,703	326,253	329,204	366,500
297	294	252	322	323
14	16	16	16	16
14	11	6	6	4
1	1	1	0	2
21,807	21,965	22,107	22,176	22,492
24.2	26.7	26.9	24.7	24.7
20,678	21,088	21,226	23,232	23,670
8.2	8.2	7.9	7.9	7.9
0	8	4	3	0
0	40,656	29,040	0	250
378,543	384,895	369,068	353,657	304,020
4,231	3,926	4,236	5,051	3,188
46,999	43,183	39,545	39,286	47,785
1,768	1,661	3,180	2,912	2,786
25,436	24,832	26,527	28,503	27,636
1.44	1.25	1.39	1.36	1.38
93	88	1	29	13

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General Government:					
Vehicles	191	170	176	175	169
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	108	111	121	116	111
Fire Protection:					
Stations	3	3	3	4	4
Vehicles	23	24	26	27	27
Highways and Public Improvements:					
Streets (miles)	235	238	239	241	241
Traffic Signals	25	26	26	32	32
Parks and Recreation:					
Parks	20	20	22	22	22
Parks Acreage	277	287	333	333	333
Playgrounds	18	18	18	18	18
Walking/Jogging Trails (miles)	33.0	33.0	35.5	35.5	35.5
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	345	345	349	349	351
Water Service Lines (miles)	100	100	101	101	101
Wells	8	8	8	8	8
Storage Capacity (thousands of gallons)	12,440	22,440	22,440	22,440	22,440
Water Reclamation:					
Sewer Lines (miles)	272	275	280	280	280
Treatment Capacity (MGD)	12.3	12.3	12.3	12.3	12.3
Storm Sewer:					
Storm Sewer Lines (miles)	64.6	65.9	68.2	69.8	70.8
Sumps	1,688	1,699	1,711	1,715	1,732
Recreation:					
Fitness Centers	1	1	1	1	1
Pools	2	2	2	2	2
Baseball / Softball Diamonds	18	18	18	18	18
Soccer / Football Fields	18	18	18	18	18
Street Lighting:					
Street Lights	4,570	4,741	4,890	4,926	4,993

Source: Various city departments

Fiscal Year				
2011	2012	2013	2014	2015
171	170	165	172	169
1	1	1	1	1
115	113	122	107	127
4	4	4	4	4
29	29	30	28	29
241	241	241	242	242
34	34	34	34	34
22	22	22	25	26
333	350	350	363	385
18	18	18	18	19
35.5	40.0	40.0	40.0	40.8
1	1	1	1	1
1	1	1	1	1
351	351	374	374	374
101	101	103	103	103
8	9	9	9	9
22,440	22,440	22,440	22,440	22,490
280	281	286	288	291
12.3	13.5	13.5	13.5	13.5
70.8	78.5	84.0	84.0	87.1
1,732	1,783	1,755	1,759	1,759
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
18	18	18	18	21
5,086	5,174	5,175	5,204	5,217

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