



CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2014

CITY OF OREM

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

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, 2014

Table of Contents

	Page
INTRODUCTORY SECTION	
City Manager's Letter of Transmittal	1
Administrative Service Director's Letter of Transmittal	3
Listing of City Officials	7
Organizational Chart	8
Certificate of Achievement for Excellence in Financial Reporting	9
 FINANCIAL SECTION	
Report of Independent Certified Public Accountants	11
Management's Discussion and Analysis	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet - Governmental Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	38
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Redevelopment - Special Revenue Fund	39
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	42
Statement of Cash Flows - Proprietary Funds	44
Notes to the Financial Statements:	
Summary of Significant Accounting Policies:	
Reporting Entity	47
Government-wide and Fund Financial Statements	48
Measurement Focus, Basis of Accounting, & Financial Statement Presentation	48
Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	51
Estimates and Assumptions	55
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	55
Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities	56
Stewardship, Compliance, and Accountability:	
Budgetary Information	57

City of Orem, Utah
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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	58
External Investment Pools	62
Customer Deposits	65
Loans Receivable - CDBG and EDA Loans	65
Receivables	65
Capital Assets	67
Interfund Receivable, Payables, and Transfers	70
Jointly Governed Organizations	70
Capital Leases	71
Long-term Debt	72
Equity Classification.....	80
Other Information:	
Risk Management	83
Contingent Liabilities	83
Employee Retirement Systems and Pension Plans	85
Other Postemployment Benefits	88
Segment Information for Enterprise Funds	91
Redevelopment Agency of the City of Orem	91
Subsequent Events	91
Restatement of Net Position.....	92
Required Supplementary Information:	
Schedule of Funding Progress - Other Postemployment Benefits	93
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	98
Combining Statement of Net Position - Nonmajor Proprietary Funds	102
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Proprietary Funds	104
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	106
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Debt Service - Debt Service Fund	109
Capital Projects - Capital Projects Fund	110
CARE Tax - Special Revenue Fund	111
Telecommunication Billing - Special Revenue Fund	112
Community Development and Rehabilitation - Special Revenue Fund	113
Timpanogos Storytelling Festival - Special Revenue Fund	114
Orem Foundation Trust - Special Revenue Fund	115
Senior Citizens - Special Revenue Fund	116
Combining Statement of Net Position - Internal Service Funds	118
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	119
Combining Statement of Cash Flows - Internal Service Funds	120

City of Orem, Utah
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

Table of Contents (continued)

	Page
FINANCIAL SECTION (continued)	
Schedules of Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	123
Schedule by Function and Activity	124
Schedule of Changes by Function and Activity	126
 STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	128
Changes in Net Position	130
Fund Balances - Governmental Funds	132
Changes in Fund Balances - Governmental Funds	134
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	136
Direct and Overlapping Property Tax Rates	138
Principal Property Tax Payers	139
Property Tax Levies and Collections	140
Sales Taxes by Category	142
Other Sales Tax Revenue Information by Category	144
Principal Sales Tax Payers	145
Direct and Overlapping Sales Tax Rates	146
General Fund - Revenues and Expenditures Chart.....	147
Debt Capacity and Other Debt Information:	
Ratios of Outstanding Debt by Type	148
Ratios of Net General Obligation Bonded Debt Outstanding	150
Direct and Overlapping Governmental Activities Debt	151
Legal Debt Margin Information	152
Pledged-Revenue Coverage	154
Long-term Bonded Indebtedness Paid by Primary Government	156
Other Long-term Liabilities Paid by Primary Government	158
Demographic and Economic Information:	
Demographic and Economic Statistics	159
Other Demographic Statistics - Census Data	160
Principal Employers	161
Full-Time-Equivalent City Government Employees by Function / Program	162
Operating and Other Information:	
Operating Indicators by Function / Program	164
Capital Asset Statistics by Function / Program	166

INTRODUCTORY SECTION



CITY OF OREM
OFFICE OF THE CITY MANAGER

December 9, 2014

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-seventh Comprehensive Annual Financial Report (CAFR).

The report contains critical financial information regarding the city's activities over the past fiscal year. The report of Keddington & Christensen, LLC, resulting from their annual independent audit is included as a part of this annual report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with 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, 2014, in sound financial condition. The following is an overview of the city's financial status.

Operating Revenues

While the city has suffered the same recessionary and recovery trends as the rest of the nation since 2008, sales tax revenues have gradually been increasing over the past three years. However, revenue from sales taxes are still below 2008 numbers. Revenues related to the building industry have increased consistent with local and regional trends and franchise taxes have also increased in FY 2013, surpassing pre-recession levels.

Revenues for the water, water reclamation, and storm sewer funds have been reasonably consistent each year to support each utility's respective operational needs. However, since fee increases have historically only been sized to cover operational costs, very little money has been available for capital projects needed to improve and maintain these systems. Thus, it continues to be important that we evaluate the fees and charges associated with these funds annually.

Revenues for other service areas such as residential solid waste collection and recreation programs are stable. However, the city's street lighting fund continues to struggle with limited, dedicated operational funding.

Expenditures

The city's biggest financial challenge continues to be meeting its long-term commitment to UTOPIA. In meeting this fiber commitment, the city has adjusted service levels, reduced expenditure line items and reduced personnel. In addition, given limited resources, the city has also limited reinvestment in the community's capital infrastructure.

While, in the short-term, a reduction in the funding of capital projects may seem acceptable, the long-term consequences of such a practice is ill advised. With this in mind and in an effort to address some of the city's broad capital concerns, attention was directed to the following infrastructure areas over the past year:

- Roads - new asphalt overlays, slurry seals, and crack seals were completed across all areas of the city.
- Water Reclamation - an ultra-violet disinfection process was added at the city's water reclamation plant.
- Water - new water mains were added and the replacement of old and undersized four-inch waterlines continue to be a priority throughout the city.
- Information Technology - IT servers, switches and storage devices were replaced to ensure real-time data transmission and reliability.

In striving to keep pace with additional needed infrastructure improvements, the following outstanding projects will require attention by the city in the future:

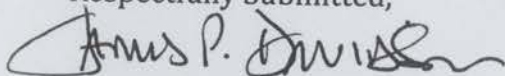
- Construction of a new fire station to serve the growing population west of Interstate 15.
- Construction of additional intersection signals and the upgrading of existing intersections with double left turn lanes.
- Installation of street lights in portions of the city previously served by special lighting districts.
- Purchase of additional open space for parks and recreation activities.
- On-going road maintenance and construction, including sidewalk repair and replacement, parking lot improvements, trail construction and mass transit alternatives.
- Purchase and installation of automated meter reading technology for residential and commercial utility services throughout the city.
- Expansion of the Orem City Cemetery.
- City facility improvements and replacement, including HVAC system upgrades, roof replacement, energy efficiency modifications, seismic improvements at a number of core city facilities, and security enhancements.

The above mentioned projects will be funded into the future as opportunities for one-time monies, such as unanticipated revenues, 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 strive to upgrade and improve the city's accounting and financial reporting systems, thereby improving the quality of information being reported to you as elected officials, 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 Administrative Services Director Richard Manning or Accounting Section Manager Brandon Nelson.

Respectfully Submitted,



James P. Davidson
City Manager



CITY OF OREM

DEPARTMENT OF ADMINISTRATIVE SERVICES

December 9, 2014

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) 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, 2014, 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 designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

Keddington & Christensen, LLC, a firm of licensed certified public accountants have audited the City of Orem's financial 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, 2014, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion

that the City of Orem's financial statements for the fiscal year ending June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Economic Condition and Outlook

The City of Orem is located in north central Utah and is currently the fifth largest city in the state with a 2010 census population of 88,328 and an estimated population at June 30, 2014, of 90,154. Utah Valley University (UVU) is a major employer in the City with enrollment in excess of 34,000 students.

The City has been involved in active economic development over the past two decades attracting stable industries and organizations. This economic development activity has directly led to the creation of approximately 7,000 non-retail jobs and thousands of retail jobs. The University Mall is the anchor to the largest retail area between Salt Lake County and Clark County, Nevada. The Mall was revitalized through a major remodeling project which attracted several large national retailers like Costco and Macy's. This remodeling has helped the mall become a major entertainment center with theaters and restaurants which attract customers to the area. The Mall is poised to commence another transformation ensuring its continued vibrancy and standing as an economic anchor for the community. The City in all material aspects has recovered from the impacts of the Great Recession. Employment in Utah has grown substantially, especially in Utah County. The county unemployment rate at June 30, 2014, was 4.0% compared to 3.9% for the state and 6.3% nationally. Utah County non-farm job growth the past year was 5.2% compared to 1.7% nationally.

Sales tax revenues, the City's largest source of tax revenue, continue to grow and now exceed the FY 2006 amount. The FY 2015 budget reflects a sales tax revenue expectation higher than any other fiscal year in the City's history other than the FY 2007 pre-housing bubble peak. The housing industry continues to show signs of strengthening as building permit and associated development revenues show strong growth trends with hundreds of units being approved with construction underway. The City continues to see consistent growth year-over-year from most of its significant revenue sources. Franchise tax receipts, for example, have not been this high since FY 2014. In recession years the City cut out many positions and, generally, these positions have not been added back. The City remains optimistic regarding the future and is pro-actively planning its financial future through strategic plans and economic sustainability models.

Major Initiatives

For the Year

During the year, the City has worked on several needed projects to benefit the residents and businesses of the community. These projects include, but were not limited to the following:

- Several miles of new asphalt overlays, slurry seals, and crack sealing applied to city roads.
- On-going preventive maintenance on City-owned streets
- Ultra-violet disinfection process added at the water reclamation plant.
- Replaced IT servers and switching equipment
- Through a property trade and sale had a new 20 acre park constructed for the City.

The current master plans for the water, water reclamation, storm sewer, and road systems are currently in the process of being revised to further assure sustainability of the City's infrastructure.

For the Future

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

- Continued road maintenance
- Completion of the storm sewer system
- Construction and staffing of a new fire station
- Completion of the City-wide sidewalk system
- Continued expansion of UTOPIA
- Maintaining levels of service for all General Fund operations

Other Information

Awards

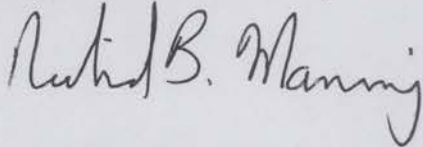
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-sixth consecutive year that 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 on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation with special recognition to Brandon Nelson, CPA, for his excellent work in preparing this report as well as our independent auditors, Keddington & Christensen, LLC, for their cooperation. I would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

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

Richard B. Manning
Administrative Services Director



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

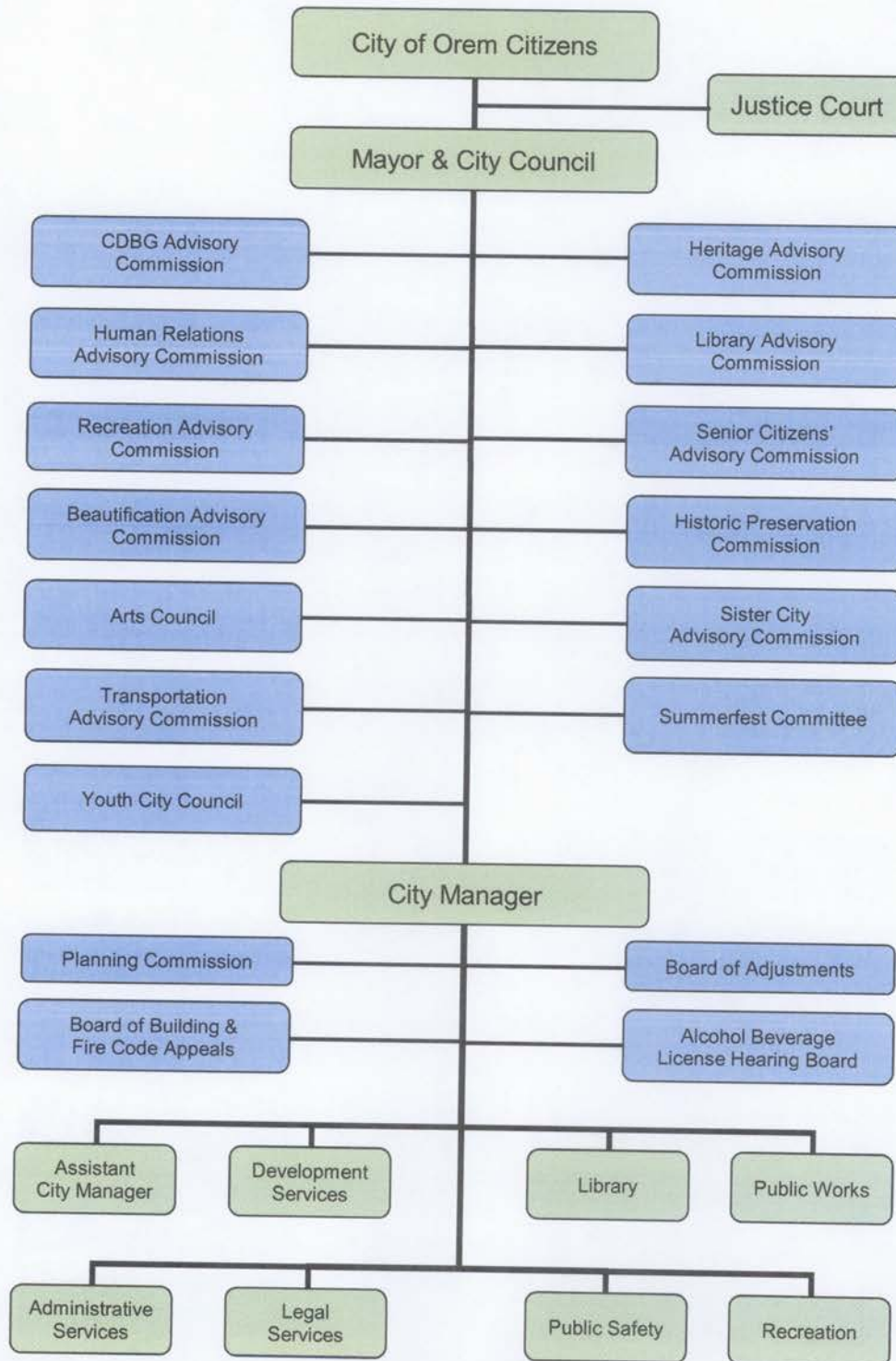
Interim Director of Public Safety M. Scott Gurney

Director of Public Works Chris R. Tschirki

Director of Recreational Services Karl R. Hirst

CITY OF OREM, UTAH

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

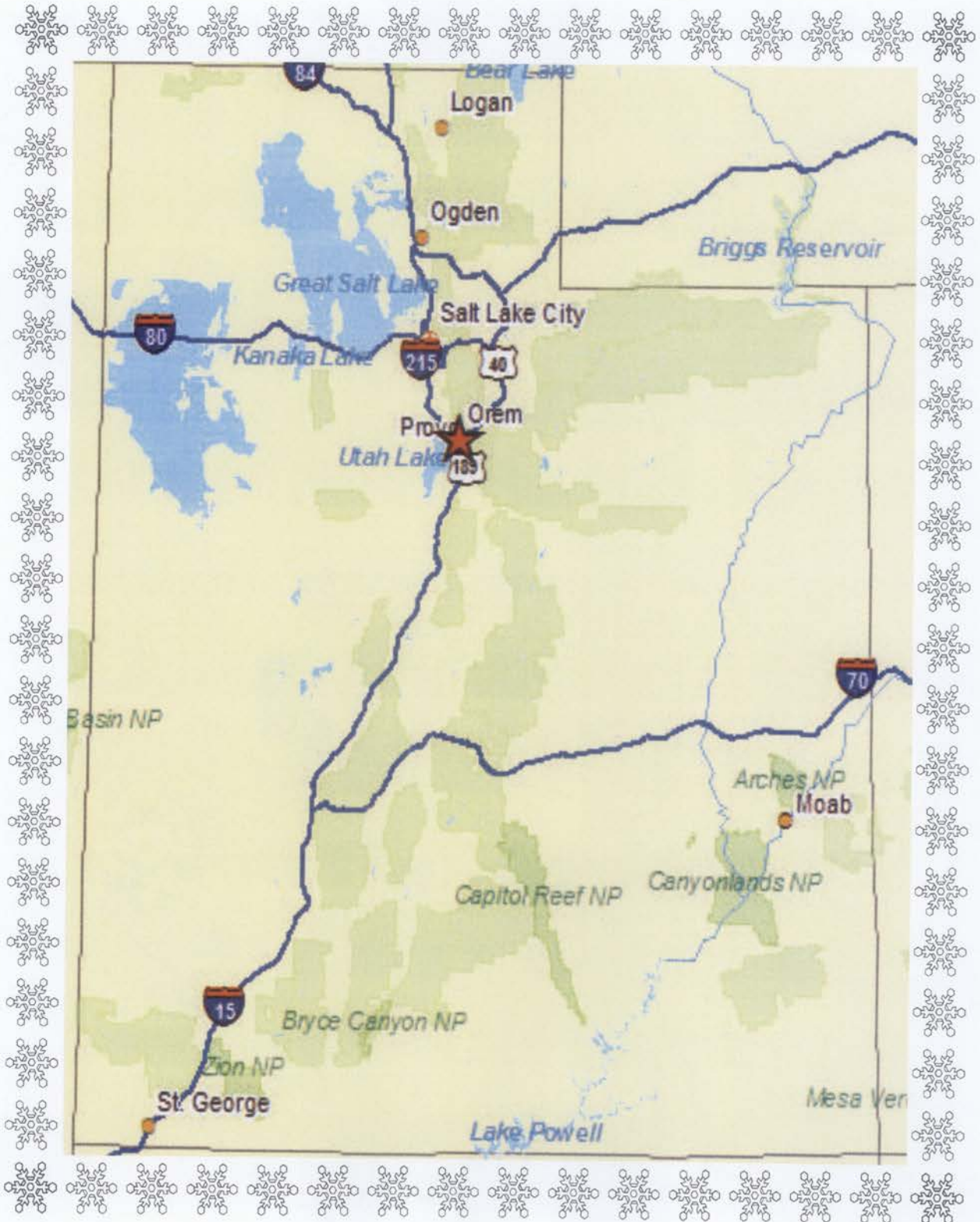
City of Orem
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

STATE OF UTAH



FINANCIAL SECTION



Keddington & Christensen, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year partial comparative information has been derived from the City's June 30, 2013 financial statements and, in our report dated December 3, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 5. H. to the financial statements, in fiscal year 2013-2014, the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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, supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statements, budgetary comparisons, and schedules of capital assets as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is 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 in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the City's internal controls 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.

Keddington & Christensen, LLC

December 3, 2014

Change in Accounting Principle

As described in Note 5. H. to the financial statements, in fiscal year 2013-2014, the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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, supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statements, budgetary comparisons, and schedules of capital assets as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is 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 in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the City's internal controls 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.

Keddington & Christensen, LLC

December 3, 2014



Keddington & Christensen, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year partial comparative information has been derived from the City's June 30, 2013 financial statements and, in our report dated December 3, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MD & A

City of Orem
Management's Discussion and Analysis
June 30, 2014

The City of Orem's management presents this overview and analysis of its financial activities for the fiscal year ended June 30, 2014. 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 \$228,438,748 (total net position). Of this amount, \$35,918,395 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net position consists of \$170,838,383 in net investment in capital assets, \$21,681,970 in restricted assets, and \$35,918,395 in unrestricted assets. Total government-wide net position increased by 2.79%.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,644,693. Of this amount, \$10,073,358 (29.94%) 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 a decrease in total fund balance of \$1,041,282 compared to the prior year's increase of \$3,854,941. 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 \$3,937,460 compared to the prior year's increase of \$3,007,085. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- During the current fiscal year, the City completed the \$900,000 Williams Farm storm drain improvements and detention basin project, nearly completed the \$3.8 million fitness center remodel and expansion, began work on a \$3 million water pipeline project, and continued work on a \$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, 2014

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, 2014

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, 2014

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 \$228,438,748 at June 30, 2014.

By far the largest portion of the City's net position (74.79%) 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	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 58,861,558	\$ 61,154,601	\$ 22,554,183	\$ 18,473,042	\$ 81,415,741	\$ 79,627,643
Capital Assets	146,156,721	146,696,915	83,679,518	84,546,770	229,836,239	231,243,685
Total Assets	205,018,279	207,851,516	106,233,701	103,019,812	311,251,980	310,871,328
Deferred Outflows of Resources	146,846	-	902,636	-	1,049,482	-
Total Assets & Deferred Outflows of Resources	<u>\$ 205,165,125</u>	<u>\$ 207,851,516</u>	<u>\$ 107,136,337</u>	<u>\$ 103,019,812</u>	<u>\$ 312,301,462</u>	<u>\$ 310,871,328</u>
Long-term Debt Outstanding	\$ 31,293,182	\$ 34,574,977	\$ 33,188,226	\$ 32,894,690	\$ 64,481,408	\$ 67,469,667
Other Liabilities	8,289,199	7,972,834	2,415,752	2,530,223	10,704,951	10,503,057
Total Liabilities	39,582,381	42,547,811	35,603,978	35,424,913	75,186,359	77,972,724
Deferred Inflows of Resources	8,676,355	10,663,652	-	-	8,676,355	10,663,652
Net Position:						
Net Investment in Capital Assets	119,632,622	116,156,331	51,205,761	52,401,013	170,838,383	168,557,344
Restricted	19,222,811	23,499,201	2,459,159	2,035,413	21,681,970	25,534,614
Unrestricted	18,050,956	14,984,521	17,867,439	13,158,473	35,918,395	28,142,994
Total Net Position	156,906,389	154,640,053	71,532,359	67,594,899	228,438,748	222,234,952
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 205,165,125</u>	<u>\$ 207,851,516</u>	<u>\$ 107,136,337</u>	<u>\$ 103,019,812</u>	<u>\$ 312,301,462</u>	<u>\$ 310,871,328</u>

A portion of the City of Orem's net position (9.49%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net position (\$35,918,395) 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, 2014

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 \$6,203,796 (2.79%). Total revenues increased by \$3,690,014 (4.27%), primarily due to increases in sales taxes of \$874,320 (4.62%) and charges for services of \$3,007,524 (7.17%). Total expenses increased \$1,640,652 (1.99%). Details related to these increases are described later in this section of the report under governmental and business-type activities. The following is a summary of the changes in net position:

City of Orem's Change in Net Position

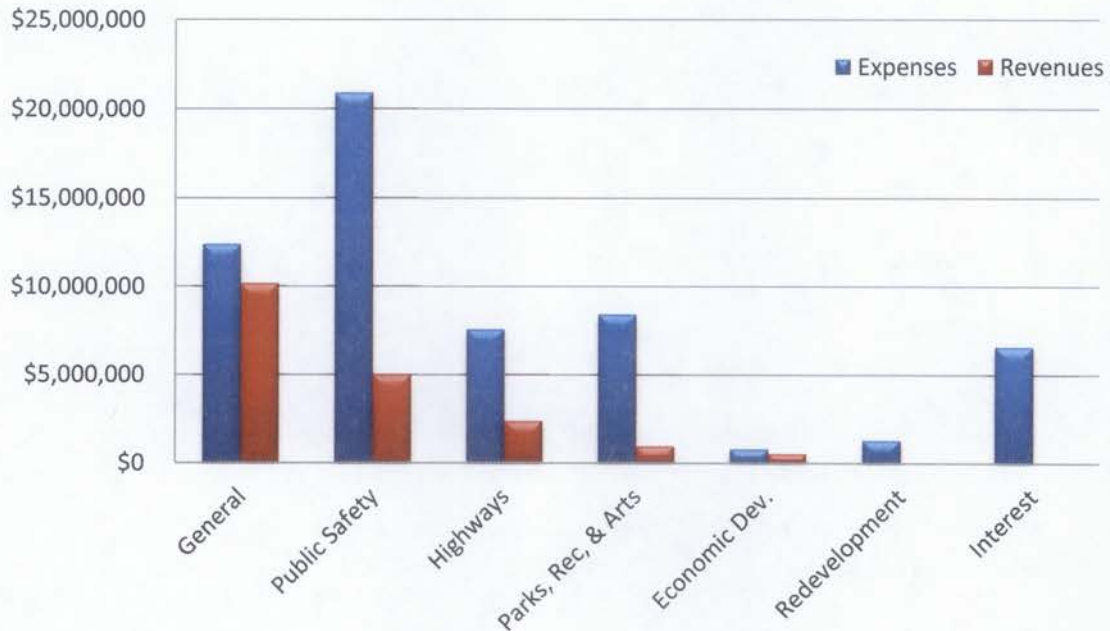
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,391,041	\$ 14,914,399	\$ 29,576,818	\$ 27,045,936	\$ 44,967,859	\$ 41,960,335
Operating Grants and Contributions	1,271,755	1,273,162	-	-	1,271,755	1,273,162
Capital Grants and Contributions	2,413,909	2,613,082	723,964	394,507	3,137,873	3,007,589
General Revenues:						
Sales Taxes	19,818,967	18,944,647	-	-	19,818,967	18,944,647
Property Taxes	11,065,522	11,517,710	-	-	11,065,522	11,517,710
Other Taxes	9,359,261	9,402,136	-	-	9,359,261	9,402,136
Other	476,449	317,833	108,826	93,086	585,275	410,919
Total Revenues	<u>59,796,904</u>	<u>58,982,969</u>	<u>30,409,608</u>	<u>27,533,529</u>	<u>90,206,512</u>	<u>86,516,498</u>
Expenses:						
General Government	12,398,443	11,534,649	-	-	12,398,443	11,534,649
Public Safety	20,927,444	21,305,592	-	-	20,927,444	21,305,592
Highways and Public Improvements	7,583,113	7,485,469	-	-	7,583,113	7,485,469
Parks, Recreation & Arts	8,415,399	8,961,377	-	-	8,415,399	8,961,377
Economic and Physical Development	815,708	778,954	-	-	815,708	778,954
Redevelopment	1,305,271	1,217,886	-	-	1,305,271	1,217,886
Interest on Long-Term Debt	6,585,839	6,151,718	-	-	6,585,839	6,151,718
Water	-	-	10,765,320	10,405,264	10,765,320	10,405,264
Water Reclamation	-	-	6,597,101	6,164,406	6,597,101	6,164,406
Storm Sewer	-	-	2,401,066	2,338,213	2,401,066	2,338,213
Recreation	-	-	1,716,490	1,758,026	1,716,490	1,758,026
Solid Waste	-	-	3,207,627	2,999,632	3,207,627	2,999,632
Street Lighting	-	-	1,283,895	1,260,509	1,283,895	1,260,509
Total Expenses	<u>58,031,217</u>	<u>57,435,645</u>	<u>25,971,499</u>	<u>24,926,050</u>	<u>84,002,716</u>	<u>82,361,695</u>
Change in Net Position before Transfers	1,765,687	1,547,324	4,438,109	2,607,479	6,203,796	4,154,803
Transfers In (Out)	500,649	(399,606)	(500,649)	399,606	-	-
Change in Net Position	<u>2,266,336</u>	<u>1,147,718</u>	<u>3,937,460</u>	<u>3,007,085</u>	<u>6,203,796</u>	<u>4,154,803</u>
Net Position - Beginning, As Previously Reported	154,640,053	153,975,438	67,594,899	64,932,894	222,234,952	218,908,332
Restatement of Net Position	-	(483,103)	-	(345,080)	-	(828,183)
Net Position - Beg., As Restated	<u>154,640,053</u>	<u>153,492,335</u>	<u>67,594,899</u>	<u>64,587,814</u>	<u>222,234,952</u>	<u>218,080,149</u>
Net Position - Ending	<u>\$ 156,906,389</u>	<u>\$ 154,640,053</u>	<u>\$ 71,532,359</u>	<u>\$ 67,594,899</u>	<u>\$ 228,438,748</u>	<u>\$ 222,234,952</u>

City of Orem
Management's Discussion and Analysis
June 30, 2014

Governmental activities. Governmental activities increased the City of Orem's net position by \$2,266,336 (1.47%). This is an increase of \$1,601,721 from the prior year. Total revenues increased by \$813,935 (1.38%). In General Revenues, sales taxes increased \$874,320 (4.62%) but property and other taxes decreased \$495,063 (2.37%). Charges for services also increased \$476,642 (3.20%), primarily due to increased plan check fees of \$121,947 (35.32%) and cemetery lot sales of \$109,302 (34.44%). Total expenses increased by \$595,572 (1.04%), primarily related to paying the City's enterprise funds for utility services.

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 \$40,720,199 because these revenues are not specific to a particular department.

Program Expenses & Revenues - Governmental Activities
For Fiscal Year Ending June 30, 2014



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

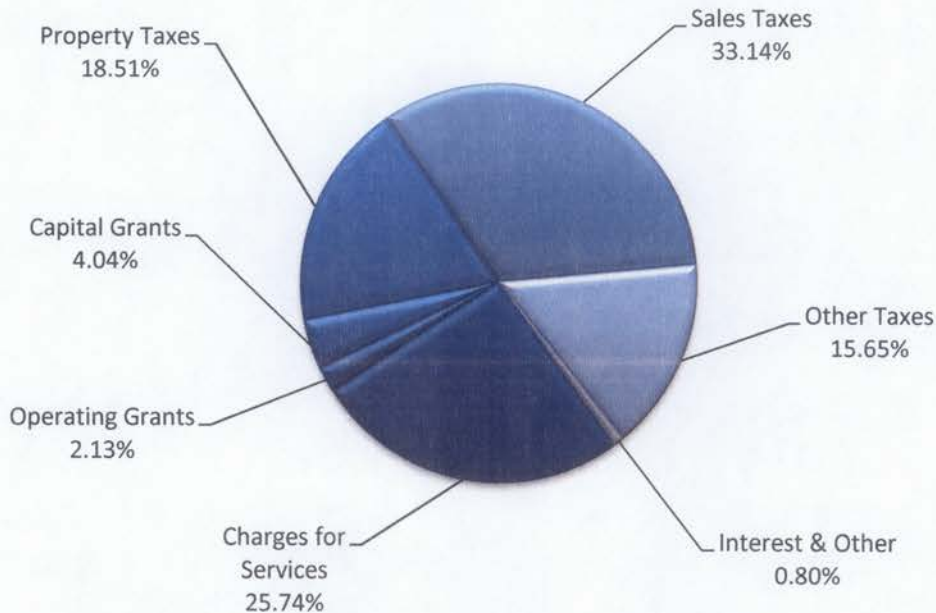
- Total revenues increased by \$813,935 (1.38%).
- Charges for services revenues increased by \$476,642 (3.20%), primarily due to increased plan check fees of \$121,947 (35.32%) and cemetery lot sales of \$109,302 (34.44%).

City of Orem
Management's Discussion and Analysis
June 30, 2014

- Operating and capital grant revenues decreased by \$200,580 (5.16%). The decrease is due primarily to lower public safety drug task force grants (\$38,664) and B&C Road grants (\$108,057).
- General revenues increased by \$537,873 (1.34%). Sales tax and franchise tax revenues increased by \$874,320 (4.62%) and \$139,859 (1.79%), respectively. However, the previously mentioned increases were offset by decreased property taxes in the Redevelopment Agency (RDA) of \$323,989 (7.80%), delinquent general property tax receipts of \$158,372 (30.97%), and special assessments of \$527,423 (37.19%).
- Total expenses increased by \$595,572 (1.04%). The increase is due primarily to paying the City's enterprise funds for utility services provided. This increase was offset, in part, by the library and public safety directors who retired in the prior fiscal year but were not replaced until the latter part of the current fiscal year. This was also applicable to several other senior management positions.

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, 2014

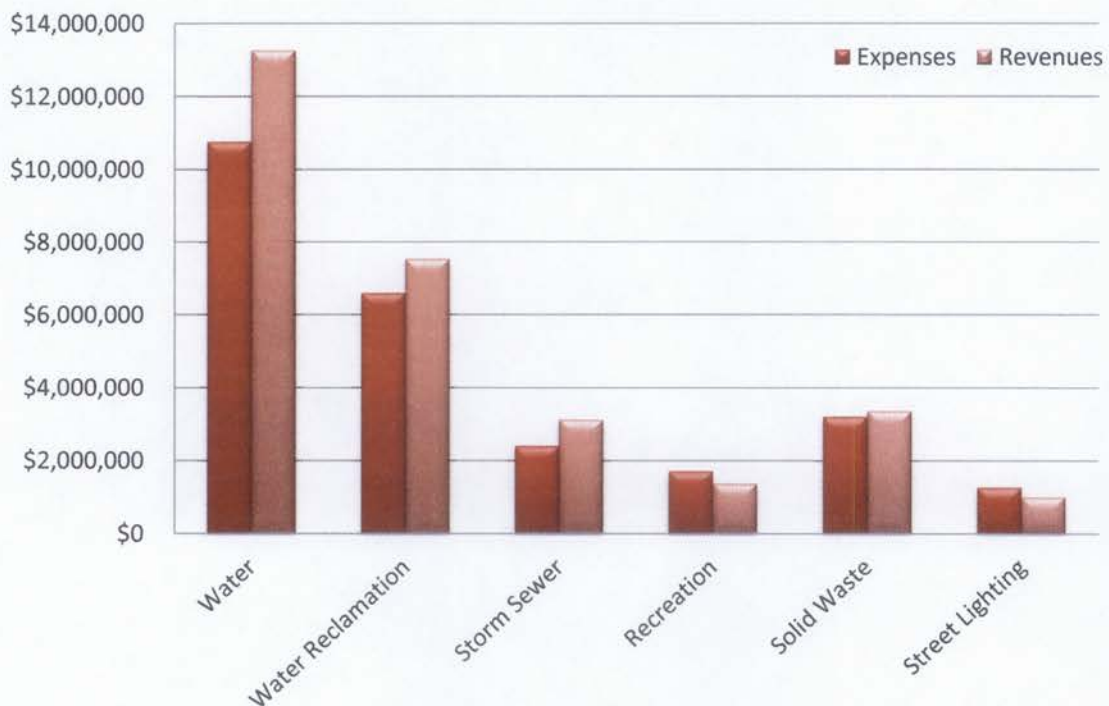


City of Orem
Management's Discussion and Analysis
June 30, 2014

Business-type activities. Business-type activities increased the City's net position by \$3,937,460. The increase in net position represents a 5.83% increase for the current year. Total revenues increased by \$2,876,079 (10.45%) and total expenses increased by \$1,045,449 (4.19%). 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".

Program Expenses & Revenues - Business-type Activities
For Fiscal Year Ending June 30, 2014

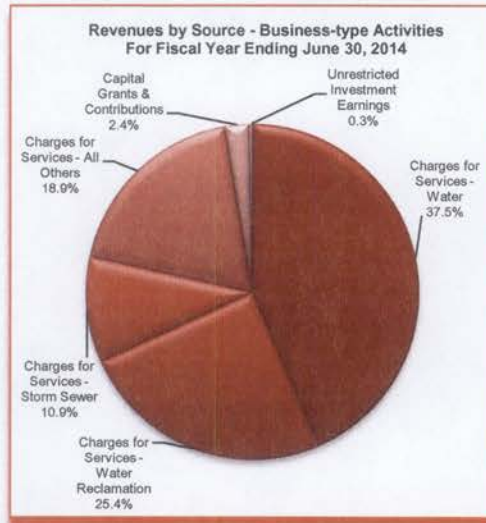


Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported increased total revenues over the prior year of \$2,876,079 (10.45%). Total revenues increased or decreased as follows:

City of Orem
Management's Discussion and Analysis
June 30, 2014

- Water fund total operating revenues increased by \$2,179,781 or 19.78%. There was a 4.74% increase in the base rate which caused Charges for Services revenue to increase by \$810,909 (8.05%). The City also received a \$600,000 subsidy in the current fiscal year for a pipeline project and approximately \$715,000 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.



- Water Reclamation fund total operating revenues increased by \$374,198 or 5.24%. Charges for Services revenues increased by \$69,003 (1.08%), primarily due to increased consumption by Lindon City (\$42,781) and the Town of Vineyard (\$8,995). Other Revenues increased by \$305,195 (39.86%), primarily due to Lindon City and the Town of Vineyard's Ultra-violet Disinfection Project participation payments of \$134,910 and \$22,926, respectively. Permit violation fees also increased by \$99,844 (48.30%).
- Storm Sewer fund total operating revenues increased by \$11,961 or 0.39%. Charges for Services increased by \$251,524 (9.00%) due to a \$0.25 rate increase in billable "equivalent service units (ESU)" and because billed ESU's increased by 0.90%. However, Other Revenues decreased by \$239,563 because a \$250,000 receipt for a perpetual easement to discharge CUWCD water into the City's storm sewer system was received in the prior fiscal year but not in the current fiscal year.
- Recreation fund total operating revenues decreased by \$281,288 or 17.04%, due primarily to a decrease of \$227,057 (21.27%) in daily admissions, passes, and group use at the fitness center. In late October of 2013, the fitness center began a pool renovation and addition project which severely limited its use to the public as many patrons decided to visit other nearby fitness centers/pools and/or obtained memberships at private gyms.

City of Orem
Management's Discussion and Analysis
June 30, 2014

- Solid Waste fund total operating revenues increased by \$132,163 or 4.08%, due primarily to a \$0.40 increase in the residential garbage rate. The rate changed from \$10.10 to \$10.50 which was a 3.60% increase.

The graph on the previous page 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 an increase in total expenses from the prior year of \$1,045,449 (4.19%). Total expenses increased or decreased as follows:
 - Personnel costs decreased by \$103,574 (1.80%). The decrease is primarily due to the fitness center renovation which caused the facility to be closed for a number of weeks as well as not needing any lifeguards for approximately three months. There were also several other positions amongst the other funds that were vacant for a month or longer.
 - Supplies and Maintenance costs increased by \$82,499 (4.37%). One of the largest increases in this category was for water reclamation chemicals in the treatment division. Chemical costs increased by \$50,774 (31.16%). Recent improvements changed the processing of waste at the plant and there began to be an increase in phosphorous content which had to be lowered using chemicals in order to meet EDA requirements for effluent. This is being resolved by adding an ultra-violet disinfection system.
 - Contracted Services costs increased by \$570,759 (9.06%). The increase was due to higher water servicing costs of \$239,161 due to the extensive construction growth in the Town of Vineyard. Higher treatment costs of \$85,618 (6.61%) were charged by the Central Utah Water Conservancy District for treating the City's drinking water.
 - Depreciation expense increased by \$461,196 (12.15%) as several large capital projects that were completed in the prior fiscal year had a full year of depreciation expense instead of only a partial year. The project that had the largest impact was the \$13 million water reclamation plant improvements and facility expansion. Note that the Water Reclamation Fund depreciation expense increased by \$498,015 or 46.56%.

City of Orem
Management's Discussion and Analysis
June 30, 2014

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,644,693. Of this total amount, \$10,073,358 (29.94%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance increased from the prior year by \$3,980,520. The remaining fund balance of \$23,571,335 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 \$10,073,358 and total fund balance increased to \$17,742,270. 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 23.05% (prior year was 14.31%) of total general fund expenditures, while total fund balance represents 40.59% (prior year was 31.88%) of that same amount.

The General fund's total fund balance increased by \$4,168,735 in the current fiscal year (the prior year had an increase of \$2,491,765). Thus, there was a positive variance from the prior year of \$1,676,970. The following elements were key factors contributing to this variance:

- Increased total revenues of \$1,351,208 are primarily due to an increase in taxes and special assessments of \$804,390. The increase in taxes and special assessments is due to increased sales tax revenues of \$774,400 (4.49%). Charges for services revenues increased by \$439,655 (7.77%) due mainly to the increase in building and planning type fees of \$198,971 (45.47%) and cemetery lot sales of \$109,302 (34.44%).
- Total expenditures increased by \$1,135,533 (2.67%). Capital outlays increased by \$1,361,906 (78.60%) but were offset by decreases in public safety of \$381,636 (1.88%) and parks, recreation and arts of \$404,153 (6.67%). Capital outlay expenditures increased due to a road reconstruction project (\$296,612), a road micro-surfacing project (\$242,239), additional public safety and parks vehicle replacements (\$437,470), and an IT core switching equipment project (\$228,217). Public safety (\$463,121) and parks, recreation, and arts (\$490,876) expenditures decreased as the result of lower personnel costs due to

City of Orem
Management's Discussion and Analysis
June 30, 2014

both director positions and several other key positions being vacant the entire fiscal year as well as other positions being vacant for relatively long periods of time throughout the year.

- Net transfers had a positive variance from the prior year of \$1,327,081. The positive variance was due to a transfer of \$530,000 to the CIP fund in the prior year while nothing was transferred in the current year. The enterprise funds also transferred back \$865,000 related to charging the General Fund for their utility services.

The Debt Service fund has a total fund balance of \$1,441,737, all of which is to be used for the payment of debt service. There was a net decrease in fund balance in the current year of \$3,534,246 (71.03%). The decrease is due primarily to expensing \$2,473,531 in additional allowance for bad debt for the UTOPIA accounts receivable. The remaining decrease is due to additional special improvement district revenues (\$1,159,122) that were received in the prior fiscal year were used in the current fiscal year to retire the outstanding debt related to those districts early.

The Redevelopment fund has a total fund balance of \$9,078,005, all of which is to be used for improvements in redevelopment (blighted) areas of the city. There was a net increase in fund balance in the current year of \$1,240,971 (15.83%). The increase was due to better than expected property tax collections and the accumulation of funds for future capital projects in these redevelopment areas. These large increases will not continue in the future as the project areas begin to expire starting in the next fiscal 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.

Unrestricted net position of the Water fund at the end of the year amounted to \$9,306,801, an increase of \$3,467,512 (59.38%). Total net position increased by \$1,956,493 (6.48%) during the current fiscal year. Operating revenues increased by \$2,179,781 (19.78%). There was a 4.74% increase in the base rate which increased charges for services revenues by \$810,909 (8.05%). A \$600,000 subsidy was received by the City in the current fiscal year for a pipeline project as well as approximately \$715,000 from the Town of Vineyard for Equivalent Water Rights Impact Fees (EWRIF) related to construction growth in an area serviced by the City. Operating expenses increased by \$427,912 (4.41%) in comparison with the prior year. Higher costs of treating the City's drinking water by the Central Utah Water Conservancy District (\$85,618), more connection costs for the Town of Vineyard (\$239,161), and higher power and natural gas costs (\$35,829) contributed to the increase in operating expenses.

Unrestricted net position of the Water Reclamation fund at the end of the year amounted to \$4,556,160, an increase of \$481,007 (11.80%). Total net position increased by \$1,072,527 (5.24%) during the current fiscal year. Operating revenues increased by \$374,198 (5.24%). This increase was due primarily to increased consumption by Lindon City and the Town of Vineyard totaling \$51,776 as well as Ultra-violet Disinfection Project participation

City of Orem
Management's Discussion and Analysis
June 30, 2014

payments from both of these entities totaling \$157,836. Permit violation fees also increased by \$99,844 (48.30%). Operating expenses increased by \$499,562 (8.21%) in comparison with the prior year. The increase in expenses is primarily due to the increased depreciation expense of \$498,015 caused by having a full year of depreciation expense for the \$13 million water reclamation plant expansion project that was completed in the latter part of the prior fiscal year.

Unrestricted net position of the Storm Sewer fund at the end of the year amounted to \$2,802,516, an increase of \$301,406 (12.05%). Total net position increased by \$514,812 (3.72%) during the current fiscal year. Operating revenues increased by \$11,961 (0.39%), due to a \$0.25 increase in the billable "equivalent service units (ESU)" rate and a 0.90% increase in ESU's billed. There was only a small overall increase in operating revenues because in the prior year a perpetual easement of \$250,000 was received from Central Utah Water Conservancy District (CUWCD) that was not received in the current year. Operating expenses increased by \$91,853 (4.30%) in comparison with the prior year. Personnel costs increased by \$78,049 (11.99%), primarily due to a technician position that was vacant for almost all of the prior fiscal year. Contracted services also increased by \$24,930 (17.91%) due to the storm sewer master plan, impact fee study, and Lindon Hollow monitoring costs.

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total (including net transfers) of \$46,737,626 to a final budget of \$50,845,214, an increase of \$4,107,588 (8.79%). The changes to the General Fund budget are briefly summarized as follows:

- Various public safety grants received during the year totaled \$626,763.
- The library received several grants during the year totaling \$41,850. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$106,633.
- Various capital equipment accounts were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$329,063.
- 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 \$609,584.
- A "Self Contained Breathing Apparatus (SCBA)" equipment purchase for the Fire Division of \$600,000 was added to the budget in the current fiscal year.
- 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 \$1,554,240.
- A capital lease purchase of a new IT server increased the budget in the current fiscal year by \$26,454.
- Due to various fixed asset sales, \$30,400 was added to the current fiscal year's budget.

City of Orem
Management's Discussion and Analysis
June 30, 2014

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 \$1,526,770 (4.98%). Sales tax and franchise tax revenues exceeded budget for the current year by \$1,007,572 and \$356,780, respectively. Property tax collections exceeded budget for the current year by \$133,181.
- Charges for Services – Revenues – Actual amount was higher than the budgeted amount by \$888,389 (17.05%). Cemetery lot sales and burial fees exceeded budget \$151,181; plan check, planning, and building permit fast track fees exceeded budget by \$192,187, \$85,275, and \$30,985, respectively; and ambulance service revenues exceeded budget by \$256,185.
- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$1,291,831 (5.93%). A large portion of the variance, \$366,057, 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 a \$600,000 piece of equipment for the fire division that was budgeted but was not purchased by the end of the fiscal year.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$1,408,382 (22.07%). Most of this variance can be attributed to various street overlay/reconstruction projects, slurry seal projects, 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 \$763,324 (11.50%). Personnel costs were lower than budgeted by approximately \$247,000 due primarily to not filling the vacant library director position for much of the fiscal year as well as not hiring as many part-time and/or seasonal employees. Many parks maintenance activities were reduced creating a positive variance of approximately \$90,000. There were also several budgeted equipment purchases and capital projects that had funds remaining totaling approximately \$310,000.

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, 2014, amounts to \$229,836,239 (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:

City of Orem
Management's Discussion and Analysis
June 30, 2014

- Public safety purchased twelve new vehicles totaling \$332,922 and one new ambulance for \$137,497.
- The parks division purchased two new vehicles totaling \$73,277, a new utility vehicle for \$11,948, and four new riding mowers totaling \$62,344.
- The IT division purchased a new server via a capital lease for \$26,454 and spent \$201,763 on new core switching equipment.
- Various road and traffic signal projects completed or added to construction in process were approximately \$915,000.
- The traffic division purchased a new Dodge bucket truck for \$40,149, a traffic signal MMU tester for \$9,190, and a Roadlazer roadpack street striping unit and accessories for \$43,251.
- Work began on remodeling the fitness center pool and adding a new pool area with play structures and a zero-entry area. This project added \$3,614,065 to construction in process. Various improvements, primarily shade structures, were completed at the City's ballfields totaling \$248,892.
- Several large waterline projects were completed or added to construction in process totaling \$602,750. The water division purchased a large portable generator to assist in emergency situations for \$148,250. The generator would give the City the ability to continue to pump water from its wells if there was an interruption in power caused by an emergency. They also purchased two new vehicles totaling \$43,012.
- The water reclamation division started an ultra-violet disinfection project at the plant which added \$584,816 to construction in process. Several sewer line projects were completed or added to construction in process totaled \$419,761. They purchased two new vehicles totaling \$63,787 and various other equipment totaling \$103,906.
- The storm sewer division developed a new detention basin for \$877,570 and made \$89,694 in various other storm sewer line improvements throughout the city. They purchased a new Vactor jet-rodder truck for \$351,425.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 59,028,414	\$ 59,028,414	\$ 2,508,474	\$ 2,508,474	\$ 61,536,888	\$ 61,536,888
Buildings and Systems	12,544,107	13,583,813	2,623,619	2,818,829	15,167,726	16,402,642
Improvements other than Buildings	11,566,534	12,481,003	7,295,364	7,782,898	18,861,898	20,263,901
Machinery and Equipment	4,118,735	4,404,141	2,189,769	2,044,780	6,308,504	6,448,921
Infrastructure	54,736,624	56,960,240	68,186,418	67,829,528	122,923,042	124,789,768
Construction in Progress	4,162,307	239,304	833,846	1,542,261	4,996,153	1,781,565
Intangibles	-	-	42,028	20,000	42,028	20,000
Total Capital Assets	\$ 146,156,721	\$ 146,696,915	\$ 83,679,518	\$ 84,546,770	\$ 229,836,239	\$ 231,243,685

City of Orem
Management's Discussion and Analysis
June 30, 2014

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 67-68.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$57,617,757. Of this amount, \$12,550,000 comprises debt backed by the full faith and credit of the government and \$45,067,757 is debt (i.e. revenue bonds) that is secured solely by specific revenue sources such as sales taxes, franchise taxes, water revenues, water reclamation revenues, and storm sewer revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 12,550,000	\$ 13,900,000	\$ -	\$ -	\$ 12,550,000	\$ 13,900,000
Revenue Bonds	12,594,000	14,982,000	32,473,757	32,145,757	45,067,757	47,127,757
Total Bonds	<u>\$ 25,144,000</u>	<u>\$ 28,882,000</u>	<u>\$ 32,473,757</u>	<u>\$ 32,145,757</u>	<u>\$ 57,617,757</u>	<u>\$ 61,027,757</u>

The City's total bonded debt decreased by \$3,410,000 (5.59%) during the current fiscal year. During the year, \$12,801,000 in 2013 Water & Storm Sewer Revenue Refunding bonds were issued which extinguished \$11,430,000 of the 2005A Water & Storm Sewer Revenue bonds. The terms of the new bonds matches that of the 2005A refunded bonds which were to expire in July 2025.

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 \$251,140,417, 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 \$251,140,417. 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 \$502,280,834. More detailed information can be found on pages 150-151.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 71-79.

City of Orem
Management's Discussion and Analysis
June 30, 2014

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Orem at June 30, 2014 was 3.9%. The City's unemployment rate compares favorably to the national rate of 6.3%. The City has a relatively high technology based workforce comparative to other areas of the county and state which was impacted to a slightly higher degree (for good and bad) than many other workforce groups in the economy. The table below provides current year comparative information as well as a historical perspective. (Source: U.S. Bureau of Labor Statistics).

	HISTORICAL ANNUAL UNEMPLOYMENT RATES				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City	8.0%	8.5%	6.4%	5.3%	3.9%
County	7.4%	7.8%	6.1%	5.3%	4.0%
State	7.3%	7.8%	6.2%	5.2%	3.9%
Nation	9.5%	9.2%	8.2%	7.6%	6.3%

- The General Fund budget for the fiscal year ending June 30, 2015 reflects a decrease of \$825,079 or 1.58% in revenues, excluding appropriations of surplus, compared to the final actual revenues for the fiscal year ending June 30, 2014. The decrease in revenues is due primarily to a decrease in intergovernmental revenues (primarily grants) and various charges for services. Budgeted expenditures increased by \$2,478,656 or 5.67% over the final fiscal year ending June 30, 2014, expenditures. Most of this is due to personnel cost increases and additional capital projects and acquisitions.
- Economic trends in the region compare favorably to national indices. Sales and franchise tax revenues continue to increase in comparison to the prior year. Building permits are rapidly growing 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 2014-2015 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.

(This page left blank intentionally)

**BASIC
FINANCIAL
STATEMENTS**

City of Orem
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 18,833,433	\$ 16,976,883	\$ 35,810,316
Receivables (Net of Allowance for Uncollectibles)	589,213	3,118,141	3,707,354
Property and Other Taxes Receivable	8,790,520	-	8,790,520
Special Assessments Receivable	4,608,574	-	4,608,574
Intergovernmental Receivables	315,392	-	315,392
Inventory	421,058	-	421,058
Notes Receivable	324,261	-	324,261
Prepaid Expenses	146,343	-	146,343
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	3,962,783	-	3,962,783
Capital Improvement Projects	12,719,925	2,459,159	15,179,084
Other Purposes	2,416,510	-	2,416,510
Receivables:			
Debt Service	1,939,601	-	1,939,601
Capital Improvement Projects	2,454,242	-	2,454,242
Other Purposes	1,339,703	-	1,339,703
Capital Assets:			
Non-depreciable Capital Assets	63,190,721	3,384,348	66,575,069
Depreciable Capital Assets (net)	82,966,000	80,295,170	163,261,170
Total Assets	<u>205,018,279</u>	<u>106,233,701</u>	<u>311,251,980</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Debt Refundings	146,846	902,636	1,049,482
Total Deferred Outflows of Resources	<u>146,846</u>	<u>902,636</u>	<u>1,049,482</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 205,165,125</u>	<u>\$ 107,136,337</u>	<u>\$ 312,301,462</u>
LIABILITIES			
Accounts Payable	\$ 2,349,575	\$ 1,543,126	\$ 3,892,701
Customer Deposits	2,912,030	60,222	2,972,252
Accrued Liabilities	1,038,043	153,730	1,191,773
Unearned Revenues	1,556,082	349,326	1,905,408
Accrued Interest Payable	291,088	309,348	600,436
Liabilities Payable from Restricted Assets	142,381	-	142,381
Noncurrent Liabilities:			
Due within One Year	5,856,870	2,327,555	8,184,425
Due in more than One Year	25,436,312	30,860,671	56,296,983
Total Liabilities	<u>39,582,381</u>	<u>35,603,978</u>	<u>75,186,359</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenues - Property Taxes	8,676,355	-	8,676,355
Total Deferred Inflows of Resources	<u>8,676,355</u>	<u>-</u>	<u>8,676,355</u>
NET POSITION			
Net Investment in Capital Assets	119,632,622	51,205,761	170,838,383
Restricted for:			
Debt Service	3,962,783	-	3,962,783
Construction	13,182,105	2,459,159	15,641,264
Community Development	2,077,923	-	2,077,923
Unrestricted	18,050,956	17,867,439	35,918,395
Total Net Position	<u>156,906,389</u>	<u>71,532,359</u>	<u>228,438,748</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 205,165,125</u>	<u>\$ 107,136,337</u>	<u>\$ 312,301,462</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, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 12,398,443	\$ 10,180,619	\$ 12,165	\$ -
Public Safety	20,927,444	4,276,822	744,220	-
Highways and Public Improvements	7,583,113	-	-	2,372,424
Parks, Recreation and Arts	8,415,399	856,832	49,850	41,485
Economic and Physical Development	815,708	76,768	465,520	-
Redevelopment	1,305,271	-	-	-
Interest on Long-term Debt	6,585,839	-	-	-
Total Governmental Activities	<u>58,031,217</u>	<u>15,391,041</u>	<u>1,271,755</u>	<u>2,413,909</u>
Business-type Activities:				
Water	10,765,320	13,201,526	-	391,744
Water Reclamation	6,597,101	7,520,706	-	264,220
Storm Sewer	2,401,066	3,103,768	-	68,000
Recreation	1,716,490	1,369,357	-	-
Solid Waste	3,207,627	3,369,722	-	-
Street Lighting	1,283,895	1,011,739	-	-
Total Business-type Activities	<u>25,971,499</u>	<u>29,576,818</u>	<u>-</u>	<u>723,964</u>
Total Primary Government	<u>\$ 84,002,716</u>	<u>\$ 44,967,859</u>	<u>\$ 1,271,755</u>	<u>\$ 3,137,873</u>

General Revenues:

Sales Taxes
Property Taxes
Franchise Taxes
Vehicle Taxes
Other Taxes & Special Assessments
Unrestricted Investment Earnings
Gain on Sale of Capital Assets

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
\$ (2,205,659)	\$ -	\$ (2,205,659)
(15,906,402)	-	(15,906,402)
(5,210,689)	-	(5,210,689)
(7,467,232)	-	(7,467,232)
(273,420)	-	(273,420)
(1,305,271)	-	(1,305,271)
(6,585,839)	-	(6,585,839)
<u>(38,954,512)</u>	<u>-</u>	<u>(38,954,512)</u>
-	2,827,950	2,827,950
-	1,187,825	1,187,825
-	770,702	770,702
-	(347,133)	(347,133)
-	162,095	162,095
-	(272,156)	(272,156)
-	<u>4,329,283</u>	<u>4,329,283</u>
<u>(38,954,512)</u>	<u>4,329,283</u>	<u>(34,625,229)</u>
19,818,967	-	19,818,967
11,065,522	-	11,065,522
7,956,780	-	7,956,780
660,151	-	660,151
742,330	-	742,330
421,721	98,093	519,814
54,728	10,733	65,461
500,649	(500,649)	-
<u>41,220,848</u>	<u>(391,823)</u>	<u>40,829,025</u>
<u>2,266,336</u>	<u>3,937,460</u>	<u>6,203,796</u>
155,123,156	67,939,979	223,063,135
(483,103)	(345,080)	(828,183)
<u>154,640,053</u>	<u>67,594,899</u>	<u>222,234,952</u>
<u>\$ 156,906,389</u>	<u>\$ 71,532,359</u>	<u>\$ 228,438,748</u>

(This page left blank intentionally)

City of Orem
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,887,626	\$ 401,228	\$ -	\$ 2,132,423	\$ 16,421,277
Receivables (Net of Allowance for Uncollectibles)	589,213	-	-	-	589,213
Property Taxes Receivable	4,722,754	-	-	-	4,722,754
Other Taxes Receivable	4,067,766	-	-	-	4,067,766
Special Assessments Receivable	4,608,574	-	-	-	4,608,574
Intergovernmental Receivables	245,650	-	-	69,742	315,392
Notes Receivable	-	-	-	324,261	324,261
Prepays	146,343	-	-	-	146,343
Restricted Cash and Cash Equivalents:					
Debt Service	2,921,027	1,041,756	-	-	3,962,783
Capital Improvement Projects	2,274,119	-	8,527,005	1,918,801	12,719,925
Other Purposes	12,201	-	551,000	1,853,309	2,416,510
Restricted Receivables:					
Debt Service	-	1,939,601	-	-	1,939,601
Capital Improvement Projects	440,242	-	2,014,000	-	2,454,242
Other Purposes	-	-	-	1,339,703	1,339,703
Total Assets	\$ 33,915,515	\$ 3,382,585	\$ 11,092,005	\$ 7,638,239	\$ 56,028,344
LIABILITIES					
Accounts Payable	\$ 851,383	\$ 1,247	\$ -	\$ 1,445,507	\$ 2,298,137
Customer Deposits	2,912,030	-	-	-	2,912,030
Accrued Liabilities	1,307,779	-	-	2,820	1,310,599
Unearned Revenues	1,380,550	-	-	175,532	1,556,082
Liabilities Payable from Restricted Assets	142,381	-	-	-	142,381
Total Liabilities	6,594,123	1,247	-	1,623,859	8,219,229
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	4,722,754	1,939,601	2,014,000	-	8,676,355
Deferred Revenues - Receivables	4,856,368	-	-	631,699	5,488,067
Total Deferred Inflows of Resources	9,579,122	1,939,601	2,014,000	631,699	14,164,422
FUND BALANCES					
Nonspendable	146,343	-	-	-	146,343
Restricted	5,554,462	1,041,756	9,078,005	3,402,245	19,076,468
Committed	75,000	-	-	-	75,000
Assigned	1,893,107	399,981	-	1,980,436	4,273,524
Unassigned	10,073,358	-	-	-	10,073,358
Total Fund Balances	17,742,270	1,441,737	9,078,005	5,382,681	33,644,693
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 33,915,515	\$ 3,382,585	\$ 11,092,005	\$ 7,638,239	\$ 56,028,344

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

Capital assets used in governmental funds are not financial resources.	146,156,721
Defeasances on bond refundings that result in a loss do not require current financial resources and are not reported in the governmental funds.	146,846
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.	5,488,067
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.	2,388,785
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period.	(30,916,704)
Other financial obligations not due and payable in the current period.	289,069
Interest payable on long-term obligations do not require current financial resources and are not reported in the governmental funds.	(291,088)
Net Position of Governmental Activities	\$ 156,906,389

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, 2014

	General	Debt Service	Redevelopment	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Special Assessments	\$ 32,186,770	\$ 2,193,157	\$ 3,813,393	\$ 1,811,395	\$ 40,004,715
Licenses and Permits	1,437,173	-	-	-	1,437,173
Intergovernmental	3,220,144	-	-	465,520	3,685,664
Charges for Services	6,097,520	-	-	289,932	6,387,452
Fines and Forfeitures	1,587,870	-	-	-	1,587,870
Charges for Services - Other Funds	4,498,406	-	-	-	4,498,406
Interest Revenues	273,166	5,088	58,590	83,775	420,619
Miscellaneous Revenue	1,047,512	-	-	509,902	1,557,414
Total Revenues	50,348,561	2,198,245	3,871,983	3,160,524	59,579,313
EXPENDITURES					
Current:					
General Government	11,609,569	-	-	-	11,609,569
Public Safety	19,951,315	-	-	-	19,951,315
Highways and Public Improvements	2,934,326	-	-	-	2,934,326
Parks, Recreation and Arts	5,655,686	-	-	1,360,420	7,016,106
Economic and Physical Development	345,639	-	-	362,120	707,759
Redevelopment	-	-	1,215,842	-	1,215,842
Debt Service:					
Principal Retirement	-	3,759,621	-	55,000	3,814,621
Interest and Fiscal Charges	-	6,652,257	-	54,558	6,706,815
Capital Leases - Principal	108,318	-	-	-	108,318
Capital Leases - Interest	10,218	-	-	-	10,218
Capital Outlay	3,094,686	-	-	4,085,883	7,180,569
Total Expenditures	43,709,757	10,411,878	1,215,842	5,917,981	61,255,458
Excess (Deficiency) of Revenues over (under) Expenditures	6,638,804	(8,213,633)	2,656,141	(2,757,457)	(1,676,145)
OTHER FINANCING SOURCES (USES)					
Proceeds from Asset Disposals	107,760	-	-	-	107,760
Capital Leases	26,454	-	-	-	26,454
Transfers In	2,716,289	4,679,387	-	57,181	7,452,857
Transfers Out	(5,320,572)	-	(1,415,170)	(216,466)	(6,952,208)
Total Other Financing Sources (Uses)	(2,470,069)	4,679,387	(1,415,170)	(159,285)	634,863
Net Change in Fund Balances	4,168,735	(3,534,246)	1,240,971	(2,916,742)	(1,041,282)
Fund Balance - Beginning	13,573,535	4,975,983	7,837,034	8,299,423	34,685,975
Fund Balance - Ending	\$ 17,742,270	\$ 1,441,737	\$ 9,078,005	\$ 5,382,681	\$ 33,644,693

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, 2014

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

Net Change in Fund Balances - Total Governmental Funds		\$ (1,041,282)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Asset Purchases Capitalized	\$ 5,945,257	
Depreciation Expense	<u>(6,416,327)</u>	(471,070)
<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	\$ (26,454)	
Principal Payments recorded as a reduction of the long-term liability	<u>3,922,939</u>	3,896,485
<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>		
Amortization of Bond Refundings - Loss on Defeasance	\$ (18,733)	
Amortization of Bond Premiums (Discounts)	<u>95,757</u>	77,024
<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	\$ (73,033)	
Interest Expense	54,170	
Other Post Employment Benefits (OPEB) Expense	<u>(522,138)</u>	(541,001)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		109,831
<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>236,349</u>
Change in Net Position of Governmental Activities		<u>\$ 2,266,336</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and Special Assessments	\$ 30,660,000	\$ 30,660,000	\$ 32,186,770	\$ 1,526,770
Licenses and Permits	1,090,000	1,090,000	1,437,173	347,173
Intergovernmental	2,586,313	3,102,624	3,220,144	117,520
Charges for Services	5,207,781	5,209,131	6,097,520	888,389
Fines and Forfeitures	1,202,000	1,418,219	1,587,870	169,651
Charges for Services - Other Funds	4,498,406	4,498,406	4,498,406	-
Interest Revenues	222,500	222,500	273,166	50,666
Miscellaneous Revenues	973,626	1,005,192	1,047,512	42,320
Total Revenues	46,440,626	47,206,072	50,348,561	3,142,489
EXPENDITURES				
General Government:				
Legislative	333,969	334,978	316,445	18,533
Executive	3,324,981	2,512,221	2,194,278	317,943
Administrative Services	2,300,722	2,409,187	2,292,075	117,112
Development Services	2,956,735	3,003,061	2,839,191	163,870
Legal Services	934,490	940,743	880,662	60,081
Other - Unclassified	2,455,959	2,763,641	3,385,782	(622,141)
Total General Government	12,306,856	11,963,831	11,908,433	55,398
Public Safety:				
Administration	552,697	420,718	360,434	60,284
Police	12,013,170	13,049,987	12,676,813	373,174
Fire	7,324,432	8,312,835	7,454,462	858,373
Total Public Safety	19,890,299	21,783,540	20,491,709	1,291,831
Highways and Public Improvements:				
Administration	479,415	486,024	469,407	16,617
Maintenance & Engineering	4,116,944	5,896,350	4,504,585	1,391,765
Total Highways and Public Improvements	4,596,359	6,382,374	4,973,992	1,408,382
Parks, Recreation and Arts	6,168,930	6,634,772	5,871,448	763,324
Economic and Physical Development	330,791	495,851	345,639	150,212
Debt Service:				
Capital Leases - Principal	108,318	108,318	108,318	-
Capital Leases - Interest	10,218	10,218	10,218	-
Total Debt Service	118,536	118,536	118,536	-
Total Expenditures	43,411,771	47,378,904	43,709,757	3,518,935
Excess of Revenues over Expenditures	3,028,855	(172,832)	6,638,804	6,811,636
OTHER FINANCING SOURCES (USES)				
Proceeds from Asset Disposals	15,000	45,400	107,760	62,360
Capital Leases	-	26,454	26,454	-
Transfers In	1,834,819	1,854,364	2,716,289	861,925
Transfers Out	(5,160,674)	(5,320,674)	(5,320,572)	102
Total Other Financing Sources (Uses)	(3,310,855)	(3,394,456)	(2,470,069)	924,387
Net Change in Fund Balance	(282,000)	(3,567,288)	4,168,735	7,736,023
Fund Balance - Beginning	13,573,535	13,573,535	13,573,535	-
Fund Balance - Ending	\$ 13,291,535	\$ 10,006,247	\$ 17,742,270	\$ 7,736,023

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes - Increment	\$ 4,045,000	\$ 3,813,393	\$ 3,813,393	\$ -
Interest Revenues	-	-	58,590	58,590
Total Revenues	<u>4,045,000</u>	<u>3,813,393</u>	<u>3,871,983</u>	<u>58,590</u>
EXPENDITURES				
Current:				
Redevelopment	2,629,830	9,644,879	1,215,842	8,429,037
Total Expenditures	<u>2,629,830</u>	<u>9,644,879</u>	<u>1,215,842</u>	<u>8,429,037</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,415,170</u>	<u>(5,831,486)</u>	<u>2,656,141</u>	<u>8,487,627</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,415,170)	(1,415,170)	(1,415,170)	-
Total Other Financing Sources (Uses)	<u>(1,415,170)</u>	<u>(1,415,170)</u>	<u>(1,415,170)</u>	<u>-</u>
Net Change in Fund Balance	-	(7,246,656)	1,240,971	8,487,627
Fund Balance - Beginning	<u>7,837,034</u>	<u>7,837,034</u>	<u>7,837,034</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 7,837,034</u>	<u>\$ 590,378</u>	<u>\$ 9,078,005</u>	<u>\$ 8,487,627</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, 2014

	Business-type Activities - Enterprise Funds				
	Water	Water	Water	Water	Storm Sewer
	Fund	Fund	Reclamation	Reclamation	Fund
	Current Year	Prior Year	Fund	Fund	Current Year
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 8,939,262	\$ 6,095,689	\$ 4,122,928	\$ 3,564,489	\$ 2,476,197
Accounts Receivable (Net of Allowance for Doubtful Accounts)	1,601,551	1,481,272	735,973	735,412	294,256
Inventories	-	-	-	-	-
Restricted Cash & Cash Equivalents:					
Debt Service & Capital Improvements	2,296,159	2,035,413	163,000	-	-
Total Current Assets	<u>12,836,972</u>	<u>9,612,374</u>	<u>5,021,901</u>	<u>4,299,901</u>	<u>2,770,453</u>
Noncurrent Assets:					
Capital Assets:					
Land	-	-	570,209	570,209	1,898,443
Buildings and Systems	1,711,609	1,720,799	3,057,201	3,057,201	679,293
Improvements other than Buildings	9,143,656	9,198,722	788,052	702,993	357,034
Machinery and Equipment	1,867,533	1,769,973	4,363,620	4,302,373	1,910,671
Infrastructure	51,688,554	53,380,531	49,290,927	50,365,909	17,234,579
Construction in Progress	154,318	859,591	679,528	100,102	-
Intangibles	42,028	20,000	-	-	-
Less Accumulated Depreciation	(27,318,346)	(28,580,889)	(30,996,948)	(30,950,718)	(5,718,260)
Total Capital Assets (Net of Accumulated Depreciation)	<u>37,289,352</u>	<u>38,368,727</u>	<u>27,752,589</u>	<u>28,148,069</u>	<u>16,361,760</u>
Total Assets	<u>50,126,324</u>	<u>47,981,101</u>	<u>32,774,490</u>	<u>32,447,970</u>	<u>19,132,213</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Debt Refundings	600,072	-	-	-	302,564
Total Deferred Outflows of Resources	<u>600,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,564</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 50,726,396</u>	<u>\$ 47,981,101</u>	<u>\$ 32,774,490</u>	<u>\$ 32,447,970</u>	<u>\$ 19,434,777</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 991,958	\$ 1,002,735	\$ 198,145	\$ 114,191	\$ 17,921
Customer Deposits	60,222	64,110	-	-	-
Accrued Liabilities	41,313	39,257	47,080	43,093	16,729
Due to Other Funds	-	-	-	-	-
Accrued Vacation and Sick Leave	84,437	82,516	51,343	57,607	40,063
Claims and Judgments	-	-	-	-	-
Unearned Revenue	62,928	51,496	-	-	-
Accrued Interest Payable	253,448	341,645	3,471	6,825	52,429
Bonds Payable - Current Portion	919,569	730,095	831,757	824,000	350,239
Total Current Liabilities	<u>2,413,875</u>	<u>2,311,854</u>	<u>1,131,796</u>	<u>1,045,716</u>	<u>477,381</u>
Noncurrent Liabilities:					
Accrued Vacation and Sick Leave	4,444	4,342	2,702	3,032	2,108
Claims and Judgments	-	-	-	-	-
Bonds Payable - Long-term Portion	16,138,641	15,664,836	10,107,000	10,938,757	4,603,136
Total Noncurrent Liabilities	<u>16,143,085</u>	<u>15,669,178</u>	<u>10,109,702</u>	<u>10,941,789</u>	<u>4,605,244</u>
Total Liabilities	<u>18,556,960</u>	<u>17,981,032</u>	<u>11,241,498</u>	<u>11,987,505</u>	<u>5,082,625</u>
NET POSITION					
Net Investment in Capital Assets	20,566,476	22,338,241	16,813,832	16,385,312	11,549,636
Restricted for Debt Service & Capital Improvements	2,296,159	2,035,413	163,000	-	-
Unrestricted	9,306,801	5,626,415	4,556,160	4,075,153	2,802,516
Total Net Position	<u>32,169,436</u>	<u>30,000,069</u>	<u>21,532,992</u>	<u>20,460,465</u>	<u>14,352,152</u>
Total Liabilities & Net Position	<u>\$ 50,726,396</u>	<u>\$ 47,981,101</u>	<u>\$ 32,774,490</u>	<u>\$ 32,447,970</u>	<u>\$ 19,434,777</u>

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

Storm Sewer Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities Internal Service Funds Current Year
\$ 2,460,067	\$ 1,438,496	\$ 1,345,671	\$ 16,976,883	\$ 13,465,916	\$ 2,412,156
288,505	486,361	481,860	3,118,141	2,987,049	-
-	-	-	-	-	421,058
-	-	43,200	2,459,159	2,078,613	-
<u>2,748,572</u>	<u>1,924,857</u>	<u>1,870,731</u>	<u>22,554,183</u>	<u>18,531,578</u>	<u>2,833,214</u>
1,898,443	39,822	39,822	2,508,474	2,508,474	-
679,293	4,125,955	4,125,955	9,574,058	9,583,248	150,000
357,034	1,895,601	1,895,601	12,184,343	12,154,350	-
1,587,422	105,748	105,748	8,247,572	7,765,516	196,426
15,684,747	1,345,825	1,263,915	119,559,885	120,695,102	-
582,568	-	-	833,846	1,542,261	-
-	-	-	42,028	20,000	-
(5,100,763)	(5,237,134)	(5,089,811)	(69,270,688)	(69,722,181)	(219,943)
<u>15,688,744</u>	<u>2,275,817</u>	<u>2,341,230</u>	<u>83,679,518</u>	<u>84,546,770</u>	<u>126,483</u>
<u>18,437,316</u>	<u>4,200,674</u>	<u>4,211,961</u>	<u>106,233,701</u>	<u>103,078,348</u>	<u>2,959,697</u>
-	-	-	902,636	-	-
-	-	-	902,636	-	-
<u>\$ 18,437,316</u>	<u>\$ 4,200,674</u>	<u>\$ 4,211,961</u>	<u>\$ 107,136,337</u>	<u>\$ 103,078,348</u>	<u>\$ 2,959,697</u>
\$ 8,400	\$ 335,102	\$ 309,226	\$ 1,543,126	\$ 1,434,552	\$ 51,438
-	-	-	60,222	64,110	-
14,596	48,608	46,289	153,730	143,235	16,513
-	-	58,536	-	58,536	-
37,378	50,147	41,514	225,990	219,015	52,744
-	-	-	-	-	323,734
-	286,398	393,055	349,326	444,551	-
95,305	-	-	309,348	443,775	-
255,713	-	-	2,101,565	1,809,808	-
<u>411,392</u>	<u>720,255</u>	<u>848,620</u>	<u>4,743,307</u>	<u>4,617,582</u>	<u>444,429</u>
1,967	2,640	2,185	11,894	11,526	12,684
-	-	-	-	-	601,632
<u>4,250,748</u>	<u>-</u>	<u>-</u>	<u>30,848,777</u>	<u>30,854,341</u>	<u>-</u>
<u>4,252,715</u>	<u>2,640</u>	<u>2,185</u>	<u>30,860,671</u>	<u>30,865,867</u>	<u>614,316</u>
<u>4,664,107</u>	<u>722,895</u>	<u>850,805</u>	<u>35,603,978</u>	<u>35,483,449</u>	<u>1,058,745</u>
11,336,230	2,275,817	2,341,230	51,205,761	52,401,013	126,483
-	-	-	2,459,159	2,035,413	-
<u>2,436,979</u>	<u>1,201,962</u>	<u>1,019,926</u>	<u>17,867,439</u>	<u>13,158,473</u>	<u>1,774,469</u>
<u>13,773,209</u>	<u>3,477,779</u>	<u>3,361,156</u>	<u>71,532,359</u>	<u>67,594,899</u>	<u>1,900,952</u>
<u>\$ 18,437,316</u>	<u>\$ 4,200,674</u>	<u>\$ 4,211,961</u>	<u>\$ 107,136,337</u>	<u>\$ 103,078,348</u>	<u>\$ 2,959,697</u>

City of Orem
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For The Year Ended June 30, 2014

	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	\$ 10,882,384	\$ 10,071,475	\$ 6,449,844	\$ 6,380,841	\$ 3,044,908
Other Revenues	2,319,142	950,270	1,070,862	765,667	58,860
Total Operating Revenues	<u>13,201,526</u>	<u>11,021,745</u>	<u>7,520,706</u>	<u>7,146,508</u>	<u>3,103,768</u>
OPERATING EXPENSES					
Personnel Services	1,793,600	1,851,773	1,960,862	2,028,481	729,208
Supplies and Maintenance	615,341	667,690	793,880	713,955	223,887
Administrative Fee	1,431,360	1,322,372	857,804	884,441	358,284
Utilities	569,852	534,023	624,227	634,577	7,450
Contract Services	3,464,945	3,055,319	524,055	507,136	164,162
Equipment Lease and Rentals	32,328	26,561	15,600	18,402	11,761
Insurance	152,985	139,263	112,682	102,627	45,708
Charges in Lieu of Property Tax	75,000	75,000	50,000	50,000	-
Depreciation Expense	1,894,798	1,934,845	1,567,700	1,069,685	645,673
Miscellaneous	95,626	91,077	77,273	75,217	42,997
Total Operating Expenses	<u>10,125,835</u>	<u>9,697,923</u>	<u>6,584,083</u>	<u>6,084,521</u>	<u>2,229,130</u>
Operating Income (Loss)	<u>3,075,691</u>	<u>1,323,822</u>	<u>936,623</u>	<u>1,061,987</u>	<u>874,638</u>
NONOPERATING REVENUES AND EXPENSES					
Interest Revenue	51,457	48,672	21,437	16,134	15,261
Gain (Loss) on Sale of Capital Assets	8,533	1,300	2,200	(55,327)	-
Donations / Grants	-	-	-	-	-
Bond Issuance Costs	(72,798)	(16,304)	-	(3,655)	(36,705)
Interest Expense	(566,687)	(691,037)	(13,018)	(20,903)	(135,231)
Total Nonoperating Revenues	<u>(579,495)</u>	<u>(657,369)</u>	<u>10,619</u>	<u>(63,751)</u>	<u>(156,675)</u>
Income (Loss) before Transfers and Contributions	2,496,196	666,453	947,242	998,236	717,963
Contributions from Developers	391,744	54,080	264,220	52,160	68,000
Transfers In	94,931	96,017	-	-	10,000
Transfers Out	(813,504)	(64,425)	(138,935)	(130,942)	(217,020)
Change in Net Position	<u>2,169,367</u>	<u>752,125</u>	<u>1,072,527</u>	<u>919,454</u>	<u>578,943</u>
Total Net Position - Beginning, As Previously Reported	30,000,069	29,460,818	20,460,465	19,609,086	13,773,209
Restatement of Net Position	-	(212,874)	-	(68,075)	-
Total Net Position - Beginning, As Restated	<u>30,000,069</u>	<u>29,247,944</u>	<u>20,460,465</u>	<u>19,541,011</u>	<u>13,773,209</u>
Total Net Position - Ending	<u>\$ 32,169,436</u>	<u>\$ 30,000,069</u>	<u>\$ 21,532,992</u>	<u>\$ 20,460,465</u>	<u>\$ 14,352,152</u>

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

Storm Sewer Fund	Other Enterprise Funds	Other Enterprise Funds	Total	Total	Governmental
					Activities
Prior Year	Current Year	Prior Year	Current Year	Prior Year	Internal Service Funds Current Year
\$ 2,793,384	\$ 5,632,266	\$ 5,756,356	\$ 26,009,402	\$ 25,002,056	\$ 2,591,021
298,423	118,552	29,520	3,567,416	2,043,880	180
<u>3,091,807</u>	<u>5,750,818</u>	<u>5,785,876</u>	<u>29,576,818</u>	<u>27,045,936</u>	<u>2,591,201</u>
651,159	1,169,353	1,225,184	5,653,023	5,756,597	660,364
263,956	338,054	243,062	1,971,162	1,888,663	1,678,990
337,013	405,552	375,354	3,053,000	2,919,180	-
8,415	673,996	689,426	1,875,525	1,866,441	-
139,232	2,717,552	2,598,268	6,870,714	6,299,955	-
9,000	685,679	679,525	745,368	733,488	-
41,571	-	-	311,375	283,461	-
-	-	-	125,000	125,000	-
644,005	147,323	145,763	4,255,494	3,794,298	16,462
42,926	70,503	61,585	286,399	270,805	-
<u>2,137,277</u>	<u>6,208,012</u>	<u>6,018,167</u>	<u>25,147,060</u>	<u>23,937,888</u>	<u>2,355,816</u>
<u>954,530</u>	<u>(457,194)</u>	<u>(232,291)</u>	<u>4,429,758</u>	<u>3,108,048</u>	<u>235,385</u>
15,164	9,938	10,681	98,093	90,651	-
-	-	1,135	10,733	(52,892)	964
198,267	-	-	-	198,267	-
(5,289)	-	-	(109,503)	(25,248)	-
(195,647)	-	-	(714,936)	(907,587)	-
<u>12,495</u>	<u>9,938</u>	<u>11,816</u>	<u>(715,613)</u>	<u>(696,809)</u>	<u>964</u>
967,025	(447,256)	(220,475)	3,714,145	2,411,239	236,349
90,000	-	-	723,964	196,240	-
-	613,000	764,809	717,931	860,826	-
(129,619)	(49,121)	(136,234)	(1,218,580)	(461,220)	-
<u>927,406</u>	<u>116,623</u>	<u>408,100</u>	<u>3,937,460</u>	<u>3,007,085</u>	<u>236,349</u>
12,909,934	3,361,156	2,953,056	67,594,899	64,932,894	1,664,603
(64,131)	-	-	-	(345,080)	-
<u>12,845,803</u>	<u>3,361,156</u>	<u>2,953,056</u>	<u>67,594,899</u>	<u>64,587,814</u>	<u>1,664,603</u>
<u>\$ 13,773,209</u>	<u>\$ 3,477,779</u>	<u>\$ 3,361,156</u>	<u>\$ 71,532,359</u>	<u>\$ 67,594,899</u>	<u>\$ 1,900,952</u>

City of Orem
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2014

	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	\$ 13,081,247	\$ 11,088,520	\$ 7,520,145	\$ 7,175,657
Receipts from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(5,009,310)	(4,571,884)	(2,113,763)	(1,962,454)
Payments to Employees	(1,789,521)	(1,857,859)	(1,963,469)	(2,442,878)
Payments for Interfund Services Used	(1,431,360)	(1,322,372)	(857,804)	(884,441)
Net Cash Provided (Used) by Operating Activities	<u>4,851,056</u>	<u>3,336,405</u>	<u>2,585,109</u>	<u>1,885,884</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Donations / Grants	-	-	-	-
Transfers In	94,931	96,017	-	-
Transfers Out	(813,504)	(64,425)	(138,935)	(130,942)
Net Cash Provided (Used) by Noncapital Activities	<u>(718,573)</u>	<u>31,592</u>	<u>(138,935)</u>	<u>(130,942)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(424,296)	(1,383,706)	(908,050)	(356,009)
Proceeds from Sales of Capital Assets	9,150	1,300	2,250	67,615
Proceeds from Bonds Issued	8,510,105	-	-	-
Gain (Loss) on Bond Refunding	(652,154)	-	-	-
Bond Issuance Costs	(72,798)	-	-	-
Principal paid on Outstanding Debt	(7,817,715)	(673,983)	(824,000)	(816,000)
Interest paid on Outstanding Debt	(631,913)	(727,713)	(16,372)	(24,142)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,079,621)</u>	<u>(2,784,102)</u>	<u>(1,746,172)</u>	<u>(1,128,536)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	51,457	48,672	21,437	16,134
Net Cash Provided (Used) by Investing Activities	<u>51,457</u>	<u>48,672</u>	<u>21,437</u>	<u>16,134</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,104,319	632,567	721,439	642,540
Cash and Cash Equivalents - Beginning of Year	8,131,102	7,498,535	3,564,489	2,921,949
Cash and Cash Equivalents - End of Year	<u>\$ 11,235,421</u>	<u>\$ 8,131,102</u>	<u>\$ 4,285,928</u>	<u>\$ 3,564,489</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 3,075,691	\$ 1,323,822	\$ 936,623	\$ 1,061,987
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 1,894,798	\$ 1,934,845	\$ 1,567,700	\$ 1,069,685
(Increase) Decrease in Receivables	(120,279)	66,775	(561)	29,149
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Prepaids	-	-	-	-
Increase (Decrease) in Accounts Payable	(10,777)	17,574	83,954	(169,195)
Increase (Decrease) in Customer Deposits	(3,888)	11,264	-	-
Increase (Decrease) in Accrued Liabilities	2,056	(1,132)	3,987	(104,530)
Increase (Decrease) in Unearned Revenue	11,432	(11,789)	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	2,023	(4,954)	(6,594)	(1,212)
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	<u>1,775,365</u>	<u>2,012,583</u>	<u>1,648,486</u>	<u>823,897</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,851,056</u>	<u>\$ 3,336,405</u>	<u>\$ 2,585,109</u>	<u>\$ 1,885,884</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Developers	\$ 391,744	\$ 54,080	\$ 264,220	\$ 52,160

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
\$ 3,098,017	\$ 3,086,973	\$ 5,746,317	\$ 5,780,824	\$ 29,445,726	\$ 27,131,974	\$ -
(486,444)	(907,038)	(4,627,262)	(4,606,317)	(12,236,779)	(12,047,693)	2,591,201
(724,249)	(652,627)	(1,155,785)	(1,238,127)	(5,633,024)	(6,191,491)	(1,705,919)
(358,284)	(337,013)	(405,552)	(375,354)	(3,053,000)	(2,919,180)	(658,169)
1,529,040	1,190,295	(442,282)	(438,974)	8,522,923	5,973,610	-
-	198,267	-	-	-	198,267	227,113
10,000	-	613,000	764,809	717,931	860,826	-
(217,020)	(129,619)	(49,121)	(136,234)	(1,218,580)	(461,220)	-
(207,020)	68,648	563,879	628,575	(500,649)	597,873	-
(1,250,689)	(1,328,132)	(81,910)	(119,979)	(2,664,945)	(3,187,826)	-
-	-	-	1,135	11,400	70,050	964
4,290,895	-	-	-	12,801,000	-	-
(328,824)	-	-	-	(980,978)	-	-
(36,705)	-	-	-	(109,503)	-	-
(3,831,285)	(243,017)	-	-	(12,473,000)	(1,733,000)	-
(164,543)	(212,799)	-	-	(812,828)	(964,654)	-
(1,321,151)	(1,783,948)	(81,910)	(118,844)	(4,228,854)	(5,815,430)	964
15,261	15,164	9,938	10,681	98,093	90,651	-
15,261	15,164	9,938	10,681	98,093	90,651	-
16,130	(509,841)	49,625	81,438	3,891,513	846,704	228,077
2,460,067	2,969,908	1,388,871	1,307,433	15,544,529	14,697,825	2,184,079
\$ 2,476,197	\$ 2,460,067	\$ 1,438,496	\$ 1,388,871	\$ 19,436,042	\$ 15,544,529	\$ 2,412,156
\$ 874,638	\$ 954,530	\$ (457,194)	\$ (232,291)	\$ 4,429,758	\$ 3,108,048	\$ 235,385
\$ 645,673	\$ 644,005	\$ 147,323	\$ 145,763	\$ 4,255,494	\$ 3,794,298	\$ 16,462
(5,751)	(4,834)	(4,501)	(5,052)	(131,092)	86,038	-
-	-	-	-	-	-	(14,678)
-	-	-	680	-	680	-
9,521	(30,622)	25,876	23,327	108,574	(158,916)	39,713
-	-	-	-	(3,888)	11,264	-
2,133	(505)	(56,217)	(393,801)	(48,041)	(499,968)	3,654
-	(371,316)	(106,657)	31,515	(95,225)	(351,590)	-
2,826	(963)	9,088	(9,115)	7,343	(16,244)	2,195
-	-	-	-	-	-	(55,618)
654,402	235,765	14,912	(206,683)	4,093,165	2,865,562	(8,272)
\$ 1,529,040	\$ 1,190,295	\$ (442,282)	\$ (438,974)	\$ 8,522,923	\$ 5,973,610	\$ 227,113
\$ 68,000	\$ 90,000	\$ -	\$ -	\$ 723,964	\$ 196,240	\$ -

(This page left blank intentionally)

**NOTES
TO THE
FINANCIAL
STATEMENTS**

City of Orem
Notes to the Financial Statements
June 30, 2014

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. With the release of Statement No. 62 (Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements), accounting and financial reporting for all governmental and proprietary fund types as well as the government-wide statements of the City are now required to follow only GASB guidance. This brings all authoritative accounting and financial reporting literature together in one place and eliminates the need to determine which FASB and AICPA pronouncement provisions might have applied, thereby resulting in a more consistent application of applicable guidance in the financial statements.

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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.

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

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Sales and use taxes, franchise taxes, and earned but unreimbursed state, federal, and other grants associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become 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.

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The *Debt Service Fund* is used to account for all general obligation debt of the City of Orem. Operating transfers are made from the General Fund to service the debt payments made by this fund. The source of fund revenue for retiring the general obligation debt is principally the power of the City to levy general property tax; however, certain debt is serviced by sales and franchise tax revenues.
- The *Redevelopment Fund* (see Redevelopment Agency of the City of Orem on page 47) 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.

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Assets, Liabilities, 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.

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

1. Cash and Cash Equivalents (continued)

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

2. Receivables and Payables

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

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

3. Inventories and Prepaid Items

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

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

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

5. *Capital Assets (continued)*

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

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

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

6. *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.

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

6. Compensated Absences (continued)

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

7. Long-term Obligations

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

8. Deferred Outflows/Inflows of Resources

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.

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.

9. Fund Balance / Restricted 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.

Restricted Net Position

These amounts are legally restricted by outside parties for a specific purpose.

City of Orem
Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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

10. 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.

Cost of Capital Assets	\$ 251,810,314
Accumulated Depreciation	(105,653,593)
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 146,156,721

City of Orem
Notes to the Financial Statements
June 30, 2014

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)

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, 2014 were as follows:

General Obligation Bonds	\$ 12,550,000
Sales Tax Revenue Bonds	5,848,000
Special Improvement District Bonds	4,446,000
Franchise Tax Revenue Bonds	2,300,000
Notes Payable	1,122,977
Capital Leases	396,436
Bond Premiums Deferred	524,910
Compensated Absences	1,828,609
Less: Internal Service Funds - Current Portion	(52,744)
Net OPEB Obligations	1,350,884
Claims and Judgments	925,366
Less: Internal Service Funds - Current Portion	<u>(323,734)</u>
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 30,916,704</u>

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.

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:

City of Orem
Notes to the Financial Statements
June 30, 2014

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)

Debt issued or incurred:		
Capital Lease Financing	\$	(26,454)
Principal payments:		
General Obligation Bonds	\$	1,350,000
Sales Tax Revenue Bonds		840,000
Franchise Tax Revenue Bonds		550,000
Special Improvement District Bonds		998,000
Capital Leases		108,317
Notes Payable		76,622
Subtotal		<u>3,922,939</u>
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>	\$	<u>3,896,485</u>

3. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

City of Orem
Notes to the Financial Statements
June 30, 2014

3. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

An individual department is composed of several divisions. Budget transfers may be made between divisions within a fund 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.

4. Detailed Notes for all Funds

A. Deposits and Investments

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

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk – Deposits

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

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The City has no formal policy regarding custodial credit risk for these deposits. As of June 30, 2014, \$3,009,258 of the City's bank balance of \$3,218,202 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2014 is \$2,079,208.

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, 2014

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

The City's investments at June 30, 2014 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	\$ 38,698,510	\$ 38,698,510	\$ -	\$ -	\$ -
Zions Bank Inst. Liquidity Management Fund	11,779,763	1,929,941	9,849,822	-	-
Moreton Asset Management Fund	5,040,410	1,983,302	3,057,108	-	-
U.S. Treasuries	333,197	333,197	-	-	-
Total Debt Securities	<u>\$ 55,851,880</u>	<u>\$ 42,944,950</u>	<u>\$ 12,906,930</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, 2014

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, 2014 are presented below:

Rated Debt Investments	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 38,698,510	\$ -	\$ -	\$ -	\$ 38,698,510
Zions Bank Inst. Liquidity Management Fund	11,779,763	8,388,497	-	2,214,578	1,176,688
Moreton Asset Management Fund	5,040,410	1,770,005	212,498	2,782,946	274,961
U.S. Treasuries	333,197	-	-	-	333,197
Total Debt Securities	<u>\$ 55,851,880</u>	<u>\$ 10,158,502</u>	<u>\$ 212,498</u>	<u>\$ 4,997,524</u>	<u>\$ 40,483,356</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, 2014 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 \$11,779,763 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 \$5,040,410 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, 2014

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, 2014 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, 2014

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, 2014) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2014, the City had \$38,698,510 invested in the PTIF which had a fair value of \$38,911,592 for an unrealized gain of \$213,082. 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	90.64 %
Money Market Accounts and Certificates of Deposit	9.36 %
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, 2014, the City had \$11,779,763 invested in the ILM which had a fair value of \$11,740,401 for an unrealized loss of \$39,362. 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, 2014

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	14.53 %
Money Market Accounts and Certificates of Deposit	9.99 %
U.S. Government Securities	75.48 %
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, 2014, the City had \$5,040,410 invested in the Moreton Asset Management Fund which had a fair value of \$5,047,377 for an unrealized gain of \$6,967. 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, 2014

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	64.88 %
Money Market Accounts and Certificates of Deposit	0.24 %
U.S. Government Securities	34.88 %
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, 2014, as summarized below, has been shown in the government-wide Statement of Net Position as follows:

Housing Rehabilitation Loans	\$ 324,261
Business Development Loans	307,438
Total	\$ 631,699

E. Receivables

Receivables as of June 30, 2014 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, 2014

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	\$ 4,722,754	\$ -	\$ 4,722,754
Other Taxes	4,508,006	-	4,508,006
Special Assessments	4,608,574	-	4,608,574
Intergovernmental	245,650	-	245,650
Accounts	<u>1,285,429</u>	<u>(696,216)</u>	<u>589,213</u>
Subtotal - General	<u>15,370,413</u>	<u>(696,216)</u>	<u>14,674,197</u>
Debt Service:			
Property Taxes	1,939,601	-	1,939,601
Notes Receivable	12,175,577	(12,175,577)	-
Redevelopment:			
Property Taxes	2,014,000	-	2,014,000
Water:			
Accounts	1,615,735	(14,184)	1,601,551
Water Reclamation:			
Accounts	742,487	(6,514)	735,973
Storm Sewer:			
Accounts	297,228	(2,972)	294,256
Nonmajor Funds:			
Other Taxes	311,952	-	311,952
Intergovernmental	69,742	-	69,742
Accounts	491,071	(4,710)	486,361
Notes Receivable	<u>1,601,603</u>	<u>(249,591)</u>	<u>1,352,012</u>
Subtotal - Nonmajor	<u>2,474,368</u>	<u>(254,301)</u>	<u>2,220,067</u>
Totals	<u>\$ 36,629,409</u>	<u>\$ (13,149,764)</u>	<u>\$ 23,479,645</u>

All receivables are expected to be collected within one year except for \$3,984,296 of special assessments in the General Fund, \$17,094 of receivables in the Water Reclamation Fund, and \$1,209,627 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, 2014

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

	Unavailable	Unearned
Property Taxes Receivable	\$ 8,676,355	\$ 8,676,355
Accounts and Notes Receivable	247,719	-
Donations and Other Funds to be Used for Specific Programs	-	1,378,827
Grant Money Used in Revolving Loan Programs	631,699	-
Special Assessments not yet Due	4,608,649	177,255
Total Deferred & Unearned Revenues for Governmental Funds	<u>\$ 14,164,422</u>	<u>\$ 10,232,437</u>

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 59,028,414	\$ -	\$ -	\$ 59,028,414
Construction in Progress	239,304	4,905,940	(982,937)	4,162,307
Total Capital Assets, not being depreciated	<u>59,267,718</u>	<u>4,905,940</u>	<u>(982,937)</u>	<u>63,190,721</u>
Capital Assets, being depreciated:				
Buildings and Systems	29,020,213	-	-	29,020,213
Improvements other than Buildings	28,640,798	345,185	(349,603)	28,636,380
Machinery and Equipment	18,024,086	796,818	(433,176)	18,387,728
Infrastructure	111,695,520	880,252	(500)	112,575,272
Total Capital Assets, being depreciated	<u>187,380,617</u>	<u>2,022,255</u>	<u>(783,279)</u>	<u>188,619,593</u>
Less Accumulated Depreciation for:				
Buildings and Systems	(15,436,400)	(1,039,706)	-	(16,476,106)
Improvements other than Buildings	(16,159,796)	(1,212,943)	302,893	(17,069,846)
Machinery and Equipment	(13,619,944)	(1,076,620)	427,571	(14,268,993)
Infrastructure	(54,735,280)	(3,103,521)	153	(57,838,648)
Total Accumulated Depreciation	<u>(99,951,420)</u>	<u>(6,432,790)</u>	<u>730,617</u>	<u>(105,653,593)</u>
Total Capital Assets, being depreciated, net	<u>87,429,197</u>	<u>(4,410,535)</u>	<u>(52,662)</u>	<u>82,966,000</u>
Governmental Activities Capital Assets, net	<u>\$ 146,696,915</u>	<u>\$ 495,405</u>	<u>\$ (1,035,599)</u>	<u>\$ 146,156,721</u>

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2014 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	20,000	22,028	-	42,028
Construction in Progress	1,542,261	1,871,926	(2,580,341)	833,846
Total Capital Assets, not being depreciated	4,070,735	1,893,954	(2,580,341)	3,384,348
Capital Assets, being depreciated:				
Buildings and Systems	9,583,248	-	(9,190)	9,574,058
Improvements other than Buildings	12,154,350	85,059	(55,066)	12,184,343
Machinery and Equipment	7,765,516	625,321	(143,265)	8,247,572
Infrastructure	120,695,102	3,364,916	(4,500,133)	119,559,885
Total Capital Assets, being depreciated	150,198,216	4,075,296	(4,707,654)	149,565,858
Less Accumulated Depreciation for:				
Buildings and Systems	(6,764,419)	(195,210)	9,190	(6,950,439)
Improvements other than Buildings	(4,371,452)	(572,593)	55,066	(4,888,979)
Machinery and Equipment	(5,720,736)	(479,715)	142,648	(6,057,803)
Infrastructure	(52,865,574)	(3,007,976)	4,500,083	(51,373,467)
Total Accumulated Depreciation	(69,722,181)	(4,255,494)	4,706,987	(69,270,688)
Total Capital Assets, being depreciated, net	80,476,035	(180,198)	(667)	80,295,170
Business-type Activities Capital Assets, net	\$ 84,546,770	\$ 1,713,756	\$ (2,581,008)	\$ 83,679,518

City of Orem
Notes to the Financial Statements
June 30, 2014

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	\$ 245,653
Public Safety	1,026,219
Highway and Streets	3,594,994
Parks, Recreation and Arts	1,387,451
Redevelopment	89,429
Economic and Physical Development	72,581
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	16,462
Total Depreciation Expense - Governmental Activities	\$ 6,432,789
Business-type Activities:	
Water	\$ 1,894,798
Water Reclamation	1,567,700
Storm Sewer	645,673
Recreation	107,616
Street Lighting	39,707
Total Depreciation Expense - Business-type Activities	\$ 4,255,494

Construction Commitments

The City has active construction projects as of June 30, 2014. 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	\$ 526,747	\$ 3,320,600
Street Construction and Improvements	1,557,186	960,885
Public Facility Construction & Improvements	14,145	33,540
Water Reclamation Improvements	668,828	835,822
Storm Sewer Improvements	-	97,000
Park and Recreation Improvements	3,626,089	1,562,304
Total	\$ 6,392,995	\$ 6,810,151

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

G. Interfund Receivable, Payables and Transfers

The composition of interfund balances as of June 30, 2014 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. Interfund transfers for the fiscal year are as follows:

	In	Out
Major Funds:		
General	\$ 2,716,289	\$ 5,320,572
Debt Service Fund	4,679,387	-
Redevelopment Fund	-	1,415,170
Water Fund	94,931	813,504
Water Reclamation Fund	-	138,935
Storm Sewer Fund	10,000	217,020
Nonmajor Governmental Funds	57,181	216,466
Nonmajor Enterprise Funds	613,000	49,121
	\$ 8,170,788	\$ 8,170,788

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, 2014, the City paid premiums of approximately \$245,000 to URMMA.

North Pointe Solid Waste Special Service District (NPSWSSD) - The district is a component unit of Utah County and represents thirteen cities in the northern part of the county. NPSWSSD was created to process and dispose of municipal solid waste. The City disposes of its solid waste through an agreement with NPSWSSD, which operates a solid waste transfer station. The City is represented on the NPSWSSD board and has voting rights related to the operations and financing of NPSWSSD. NPSWSSD has a service contract for the ultimate disposal of waste at a landfill located in an adjacent county. During the year ended June 30, 2014, the City paid solid waste tipping fees of approximately \$908,000 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, 2014

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, 2014, the City paid participation fees of approximately \$103,000 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, 2014, the City paid UTOPIA approximately \$13,000 in customer service fees. The City also paid \$2,863,747 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, 2014, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$87,000 to UIA and paid approximately \$1,500 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, 2014

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, 2014:

Year ending June 30,	Governmental Activities
2015	\$ 100,975
2016	99,105
2017	91,929
2018	84,281
2019	41,456
Total minimum lease payments	417,746
Less: Amount representing interest	(21,310)
Present value of net minimum lease payments	<u>\$ 396,436</u>

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

	Governmental Activities
Cost of Equipment	\$ 641,116
Accumulated Depreciation	(140,852)
Difference	<u>\$ 500,264</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 \$21,340,000.

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

General obligation bonds currently outstanding at June 30, 2014 are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2004 Road Construction-Refunding	3.00% to 4.00%	\$ 1,330,000
2005 Road Construction	3.50% to 5.00%	5,920,000
2006 Road Construction	3.63% to 5.00%	3,730,000
2009 Road Construction-Refunding	2.75% to 5.00%	1,570,000
Total		<u>\$ 12,550,000</u>

City of Orem
Notes to the Financial Statements
June 30, 2014

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	
2015	\$ 1,410,000	\$ 526,850	\$ 1,936,850
2016	1,475,000	469,229	1,944,229
2017	1,535,000	407,648	1,942,648
2018	1,115,000	351,551	1,466,551
2019	1,170,000	300,146	1,470,146
2020-2024	4,750,000	856,568	5,606,568
2025-2029	1,095,000	27,375	1,122,375
Totals	<u>\$ 12,550,000</u>	<u>\$ 2,939,367</u>	<u>\$ 15,489,367</u>

Special Assessment Bonds

Special assessment bonds are generally issued to provide funds for the construction of streets, sidewalks, parking structures, 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, 2014:

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, 2014, is \$415,000.

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Special Assessment Bonds (continued)

Midtown Village SID Bonds – Series 2009

In March of 2009, the City issued Midtown Village special improvement district bonds of \$3,943,000 through private placement for property improvements. The terms of the bond contract require principal and interest payable annually commencing December 2009 and continuing through December 2028. The interest rate is 4.35%. Outstanding principal at June 30, 2014, is \$2,881,000.

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, 2014, is \$1,150,000.

Special assessment bonds currently outstanding at June 30, 2014 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Property Improvement · Infrastructure	4.59% - 5.00%	\$ 415,000
Property Improvement · Parking Structure	4.35%	2,881,000
Property Improvement · Infrastructure	7.75%	1,150,000
Total		<u>\$ 4,446,000</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	
2015	\$ 415,000	\$ 229,800	\$ 644,800
2016	441,000	208,795	649,795
2017	239,000	186,407	425,407
2018	256,000	174,052	430,052
2019	264,000	160,637	424,637
2020-2024	1,572,000	577,123	2,149,123
2025-2029	1,259,000	141,081	1,400,081
Totals	<u>\$ 4,446,000</u>	<u>\$ 1,677,895</u>	<u>\$ 6,123,895</u>

City of Orem
Notes to the Financial Statements
June 30, 2014

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 154-155. The City has the following revenue bonds outstanding at June 30, 2014:

Water Quality Revenue Bonds

In April of 1994, the City entered into an agreement to issue revenue bonds through the Utah State Department of Water Quality of \$3,500,000. The proceeds of the bonds were used to construct facilities at the Water Reclamation Plant. The bond contract terms require principal and interest payable annually beginning in February 1995 and continuing through February 2015. Payments on the bonds are paid by sewer charges to customers. The interest rate is fixed at 3.50%. Outstanding principal at June 30, 2014, is \$237,757.

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, 2014, is \$1,555,000.

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, 2014, is \$1,904,000.

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

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Sales Tax Revenue Refunding Bonds – Series 2007 (continued)
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, 2014, is \$5,570,000.

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, 2014, is \$5,275,000.

Water Quality Revenue Bonds – Series 2010
In February of 2010, the City entered into an agreement to issue \$11,889,000 in revenue bonds through the State of Utah's Department of Environmental Quality. The proceeds of the bonds were used to construct and expand facilities at the Water Reclamation Plant. The bond contract terms require principal payable annually beginning in February 2013 and continuing through February 2032. Payments on the bonds are paid from sewer charges to customers. The interest rate is fixed at 0.00%. Outstanding principal at June 30, 2014, is \$10,701,000.

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, 2014, is \$2,300,000.

Sales Tax Revenue Refunding Bonds – Series 2012
In April of 2012, the City issued sales tax revenue refunding bonds of \$1,814,000 through private placement. The bond contract requires principal payable annually commencing in April 2013 with interest payable semi-annually in April and October through April 2015. The interest rate is fixed at 1.50%. Outstanding principal at June 30, 2014, is \$278,000.

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

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, 2014, is \$12,801,000.

Current 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 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, 2014 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	1.50%-5.50%	\$ 5,848,000
Street Lighting	2.13%-5.13%	2,300,000
		<u>8,148,000</u>
Business-type Activities:		
Water and Storm Sewer	1.48%-5.25%	21,535,000
Wastewater Treatment	0.00%-3.50%	10,938,757
		<u>32,473,757</u>
Total		<u>\$ 48,769,757</u>

City of Orem
Notes to the Financial Statements
June 30, 2014

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

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	
2015	\$ 1,403,000	\$ 354,662	\$ 2,059,757	\$ 628,313	\$ 4,445,732
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
2020-2024	1,180,000	110,581	10,334,000	1,942,988	13,567,569
2025-2029	-	-	10,592,000	889,045	11,481,045
2030-2034	-	-	1,785,000	-	1,785,000
Totals	\$ 8,148,000	\$ 1,177,313	\$ 32,473,757	\$ 5,579,255	\$ 47,378,325

Notes Payable

Notes payable currently outstanding at June 30, 2014 are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan - Economic Development	Variable	\$ 934,930
Land Purchase - Park	6.00%	188,047
Total		\$ 1,122,977

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

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2015	\$ 77,955	\$ 58,304	\$ 136,259
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
2020-2024	473,217	111,430	584,647
2025-2029	194,930	10,369	205,299
Totals	\$ 1,122,977	\$ 365,451	\$ 1,488,428

City of Orem
Notes to the Financial Statements
June 30, 2014

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, 2014 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 13,900,000	\$ -	\$ (1,350,000)	\$ 12,550,000	\$ 1,410,000
Special Assessment Bonds	5,444,000	-	(998,000)	4,446,000	415,000
Revenue Bonds	9,538,000	-	(1,390,000)	8,148,000	1,403,000
Plus Issuance Premiums	620,667	-	(95,757)	524,910	95,757
Total Bonds Payable	29,502,667	-	(3,833,757)	25,668,910	3,323,757
Notes Payable	1,199,599	-	(76,622)	1,122,977	73,714
Capital Leases	478,299	26,454	(108,317)	396,436	92,742
Compensated Absences	1,753,381	481,244	(406,016)	1,828,609	1,727,672
Other Long-term Liabilities	1,806,610	985,862	(516,222)	2,276,250	638,985
Governmental Activities Long-term Liabilities	<u>\$ 34,740,556</u>	<u>\$ 1,493,560</u>	<u>\$ (4,940,934)</u>	<u>\$ 31,293,182</u>	<u>\$ 5,856,870</u>
Business-type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 32,145,757	\$ 12,801,000	\$ (12,473,000)	\$ 32,473,757	\$ 2,059,757
Plus Issuance Premiums	518,391	-	(41,806)	476,585	41,808
Total Bonds Payable	32,664,148	12,801,000	(12,514,806)	32,950,342	2,101,565
Compensated Absences	230,542	53,458	(46,116)	237,884	225,990
Business-type Activities Long-term Liabilities	<u>\$ 32,894,690</u>	<u>\$ 12,854,458</u>	<u>\$ (12,560,922)</u>	<u>\$ 33,188,226</u>	<u>\$ 2,327,555</u>

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, 2014. 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, 2014

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) Invested in Capital Assets, Net of Related Debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- 2) Restricted Net 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, 2014

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, 2014. 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, 2014

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	\$ 146,343	\$ -	\$ -	\$ -	\$ 146,343
	146,343	-	-	-	146,343
Restricted:					
Class "C" Roads	2,572,147	-	-	-	2,572,147
Utopia Pledge	2,921,027	-	-	-	2,921,027
Task Force	31,281	-	-	-	31,281
Econ. Dev. Reimb. Agreements	-	-	551,000	-	551,000
Parks, Recreation, & Arts	-	-	-	841,324	841,324
Land Acquisition	-	-	-	354,960	354,960
Civic Auditorium	-	-	-	1,661,142	1,661,142
Debt Service	-	1,041,756	-	-	1,041,756
Capital Improvements	30,007	-	8,527,005	36,844	8,593,856
Other Purposes	-	-	-	507,975	507,975
	5,554,462	1,041,756	9,078,005	3,402,245	19,076,468
Committed:					
Econ. Dev. Reimb. Agreements	75,000	-	-	-	75,000
	75,000	-	-	-	75,000
Assigned:					
Vehicles & Equip.	34,972	-	-	-	34,972
IT Upgrades	10,942	-	-	-	10,942
Library Media Funds	116,238	-	-	-	116,238
SCBA Equipment - Fire	600,000	-	-	-	600,000
City Center Improvements	34,310	-	-	25,753	60,063
Community Promotion	-	-	-	764,839	764,839
Street Light Improvements	-	-	-	41,439	41,439
Debt Service	-	399,981	-	-	399,981
Capital Improvements	244,605	-	-	948,668	1,193,273
Other Purposes	852,040	-	-	199,737	1,051,777
	1,893,107	399,981	-	1,980,436	4,273,524
Unassigned	10,073,358	-	-	-	10,073,358
Total Fund Balances	\$ 17,742,270	\$ 1,441,737	\$ 9,078,005	\$ 5,382,681	\$ 33,644,693

¹ See pages 96-97 for a breakdown by individual fund

City of Orem
Notes to the Financial Statements
June 30, 2014

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, 2014, the outstanding recapture program liability is \$654,529. This liability is presented in the changes in long-term liabilities table (page 79) 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, 2014, the estimated reserves liability is \$270,837. This liability is presented in the changes in long-term liabilities table (page 79) as an "other long-term liability". The activity in worker's compensation claims (all retained risk) for the years ended June 30, 2013 and 2014 is as follows:

Year ended June 30,	2013	2014
Claim liability, beginning of year	\$ 209,077	\$ 183,312
Claims incurred during the year	93,163	399,350
Changes in estimates of claims of prior periods	11,281	(86,392)
Payments on claims during the year	(130,209)	(225,433)
Claim liability, end of year	<u>\$ 183,312</u>	<u>\$ 270,837</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, 2014

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 \$2,858,983. 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 \$98,189,822.

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

City of Orem
Notes to the Financial Statements
June 30, 2014

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 2014.

C. Employee Retirement Systems and Pension Plans

Plan Description

The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Contributory Retirement System, Public Safety Noncontributory Retirement System, and the Fire Fighters Retirement System, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-

City of Orem
Notes to the Financial Statements
June 30, 2014

5. Other Information (continued)

C. Employee Retirement Systems and Pension Plans (continued)

Plan Description (continued)

employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

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

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

Funding Policy

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

<u>Retirement System</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
Local Governmental Contributory - Tier 1	13.28 %	6.00 %
Local Governmental Contributory - Tier 2	13.99	-
Local Governmental Noncontributory - Tier 1	17.29	-
Public Safety Contributory - Tier 2	25.38	-
Public Safety Noncontributory - Tier 1	32.20	-
Firefighters - Tier 1	4.46	16.71
Firefighters - Tier 2	11.02	-

The City's contributions in dollars to each of the Systems for the years ending June 30, 2014, 2013 and 2012, were equal to the required contributions for each year. The contribution amounts are as follows:

City of Orem
Notes to the Financial Statements
June 30, 2014

5. Other Information (continued)

C. Employee Retirement Systems and Pension Plans (continued)

Retirement System	Fiscal Year Ending June 30,		
	2014	2013	2012
Local Governmental Contributory - Tier 1 & Tier 2	\$ 279,677	\$ 301,782	\$ 295,803
Local Governmental Noncontributory - Tier 1	1,774,942	1,762,247	1,587,027
Public Safety Contributory - Tier 1 & Tier 2	150,447	131,988	117,465
Public Safety Noncontributory - Tier 1	1,495,489	1,574,020	1,473,007
Firefighters - Tier 1 & Tier 2	779,568	720,501	650,642
Total Contributions	<u>\$ 4,480,123</u>	<u>\$ 4,490,538</u>	<u>\$ 4,123,944</u>

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, 2014 was \$24,586,532. The City's expense for this plan for the year ended June 30, 2014 was approximately \$313,000 or 1.27% 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.

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

City of Orem
Notes to the Financial Statements
June 30, 2014

5. Other Information (continued)

C. Employee Retirement Systems and Pension Plans (continued)

457 Deferred Compensation Plan (continued)

(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, 2014 was \$24,586,532. The City's expense for this plan for the year ended June 30, 2014 was approximately \$955,000 or 3.88% of the total participants' salary. The contribution rates were determined by the City Council and the contributions were remitted on a timely basis.

D. Other Postemployment Benefits

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

Plan Description

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

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

Funding Policy

The City currently pays for postemployment benefits other than pensions on a "pay-as-you-go" basis. Contribution amounts for the City and the plan members may be amended at any time and for any reason. For the fiscal year ended June 30, 2014, total plan premiums paid were \$219,984. The City contributed \$109,813 (49.92% of total premiums) and retiree plan members receiving benefits contributed \$110,171 (50.08% of total premiums).

City of Orem
Notes to the Financial Statements
June 30, 2014

5. Other Information (continued)

D. Other Postemployment Benefits (continued)

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, 2014, the City's OPEB cost (expense) and annual required contribution (ARC) were \$635,071 and \$154,202, 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)		\$ 154,202
Interest on Net OPEB Obligation		5,931
Adjustments to ARC		474,938
Annual OPEB Cost (Expense)		<u>635,071</u>
Contributions		<u>(109,813)</u>
Increase in Net OPEB Obligation		525,258
Net OPEB Obligation – Beginning of Year		<u>825,626</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, 2014 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, 2014	\$ 635,071	\$ 109,813	17.29%	\$ 1,350,884
June 30, 2013	\$ 783,688	\$ 84,557	10.79%	\$ 825,626
June 30, 2012	\$ 130,173	\$ 58,005	44.56%	\$ 126,495

The Net OPEB Obligation of \$1,350,884 has been accrued and is presented in the changes in long-term liabilities table on page 79 as an "other long-term liability".

City of Orem
Notes to the Financial Statements
June 30, 2014

5. Other Information (continued)

D. Other Postemployment Benefits (continued)

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 93), 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, 2014

5. Other Information (continued)

E. Segment Information for Enterprise Funds

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

F. Redevelopment Agency of the City of Orem

For the year ended June 30, 2014, 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	\$ 1,076,727
Orem 85-02: Timpanogos Technological Center	504,590
Orem 85-03A: University Parkway Development	576,450
Orem 85-03B: University Parkway Development	873,145
Orem 85-04: Economic Zone in Central Orem	289,552
Orem 87-10: Boyer Project on Center and State Street	283,054
Orem 90-08: 800 North and State Street Economic Zone	209,875
Total	\$ 3,813,393
Outstanding Loans to Finance RDA Projects	\$ -

During the year ending June 30, 2014, the RDA expended monies in the categories below as follows:

Economic Development	\$ 1,215,842
Total	\$ 1,215,842

G. Subsequent Events

Long-term Liabilities

On December 1, 2014, the 2005 Series & 2006 Series General Obligation Bonds were refunded by issuing \$9,645,000 in 2014 Series General Obligation Refunding Bonds. The new bonds have an interest rate between 0.25% and 3.00% while the original bonds had rates between 3.50% and 5.00%. The estimated savings of this refunding transaction is \$1,221,484 over the life of the bonds. The new bonds maintain the same final maturity date as the original bonds of December 2024.

City of Orem
Notes to the Financial Statements
June 30, 2014

5. Other Information (continued)

H. Restatement of Net Position

The Governmental Accounting Standards Board (GASB) issued Statement No. 65 *Items Previously Reported as Assets and Liabilities* which became effective for financial statement reporting periods beginning after December 15, 2012. As a result of implementing this statement, bond issuance costs, which were previously deferred and amortized over time, are now required to be expensed in the period in which they were incurred. In the year of implementation, the City is required to remove the previously deferred amounts and restate the earliest Net Position presented.

Therefore, the effect of removing the remaining deferred bond issuance costs is reflected as a "Restatement of Net Position" in the *Statement of Activities* (\$828,183) as well as in the Proprietary Funds *Statement of Revenues, Expenses, and Change in Net Position* (\$345,080) since these costs do not relate to the current financial reporting period.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Orem
Schedule of Funding Progress
Other Postemployment Benefits
For The Year Ended June 30, 2014

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)		

(This page left blank intentionally)

**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, 2014

	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	\$ 1,156,671	\$ 1,156,671	\$ -	\$ 7,759	\$ 10,583
Intergovernmental Receivables	-	-	-	-	69,742
Notes Receivable	-	-	-	-	324,261
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	-	-	1,881,957	-	36,844
Other Purposes	-	-	1,393,456	-	459,853
Restricted Receivables:					
Other Purposes	-	-	311,952	720,313	307,438
Total Assets	<u>\$ 1,156,671</u>	<u>\$ 1,156,671</u>	<u>\$ 3,587,365</u>	<u>\$ 728,072</u>	<u>\$ 1,208,721</u>
LIABILITIES					
Accounts Payable	\$ 828	\$ 828	\$ 729,939	\$ 679,941	\$ 29,383
Accrued Liabilities	-	-	-	-	2,820
Unearned Revenues	139,983	139,983	-	35,549	-
Total Liabilities	<u>140,811</u>	<u>140,811</u>	<u>729,939</u>	<u>715,490</u>	<u>32,203</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Receivables	-	-	-	-	631,699
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631,699</u>
FUND BALANCES					
Restricted:					
Parks, Recreation, & Arts	-	-	841,324	-	-
Land Acquisition	-	-	354,960	-	-
Civic Auditorium	-	-	1,661,142	-	-
Capital Improvements	-	-	-	-	36,844
Other Purposes	-	-	-	-	507,975
Assigned:					
Capital Improvements	948,668	948,668	-	-	-
Street Light Improvements	41,439	41,439	-	-	-
City Center Improvements	25,753	25,753	-	-	-
Community Promotion	-	-	-	-	-
Other Purposes	-	-	-	12,582	-
Total Fund Balances	<u>1,015,860</u>	<u>1,015,860</u>	<u>2,857,426</u>	<u>12,582</u>	<u>544,819</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,156,671</u>	<u>\$ 1,156,671</u>	<u>\$ 3,587,365</u>	<u>\$ 728,072</u>	<u>\$ 1,208,721</u>

Special Revenue Funds

Timpanogos Storytelling Festival Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ 766,974	\$ 2,750	\$ 187,686	\$ 975,752	\$ 2,132,423
-	-	-	69,742	69,742
-	-	-	324,261	324,261
-	-	-	1,918,801	1,918,801
-	-	-	1,853,309	1,853,309
-	-	-	1,339,703	1,339,703
<u>\$ 766,974</u>	<u>\$ 2,750</u>	<u>\$ 187,686</u>	<u>\$ 6,481,568</u>	<u>\$ 7,638,239</u>
\$ 4,885	\$ -	\$ 531	\$ 1,444,679	\$ 1,445,507
-	-	-	2,820	2,820
-	-	-	35,549	175,532
<u>4,885</u>	<u>-</u>	<u>531</u>	<u>1,483,048</u>	<u>1,623,859</u>
-	-	-	631,699	631,699
-	-	-	631,699	631,699
-	-	-	841,324	841,324
-	-	-	354,960	354,960
-	-	-	1,661,142	1,661,142
-	-	-	36,844	36,844
-	-	-	507,975	507,975
-	-	-	-	948,668
-	-	-	-	41,439
-	-	-	-	25,753
762,089	2,750	-	764,839	764,839
-	-	187,155	199,737	199,737
<u>762,089</u>	<u>2,750</u>	<u>187,155</u>	<u>4,366,821</u>	<u>5,382,681</u>
<u>\$ 766,974</u>	<u>\$ 2,750</u>	<u>\$ 187,686</u>	<u>\$ 6,481,568</u>	<u>\$ 7,638,239</u>

City of Orem
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For The Year Ended June 30, 2014

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects	Total	CARE Tax Fund	Tele-Communication Billing Fund	Community Development & Rehabilitation Fund
REVENUES					
Sales Taxes	\$ -	\$ -	\$ 1,811,395	\$ -	\$ -
Intergovernmental	-	-	-	-	465,520
Charges for Services	-	-	-	-	76,768
Interest Revenues	-	-	22,976	55,108	682
Miscellaneous Revenues	368,296	368,296	-	3,748	22,797
Total Revenues	<u>368,296</u>	<u>368,296</u>	<u>1,834,371</u>	<u>58,856</u>	<u>565,767</u>
EXPENDITURES					
Current:					
Economic and Physical Development	17,620	17,620	-	53,705	290,795
Parks, Recreation and Arts	-	-	1,008,702	-	-
Debt Service:					
Principal Retirement	-	-	-	-	55,000
Interest and Fiscal Charges	-	-	-	-	54,558
Capital Outlay	176,047	176,047	3,864,836	-	45,000
Total Expenditures	<u>193,667</u>	<u>193,667</u>	<u>4,873,538</u>	<u>53,705</u>	<u>445,353</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>174,629</u>	<u>174,629</u>	<u>(3,039,167)</u>	<u>5,151</u>	<u>120,414</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	51,801
Transfers Out	(33,616)	(33,616)	(23,045)	-	(143,025)
Total Other Financing Sources and (Uses)	<u>(33,616)</u>	<u>(33,616)</u>	<u>(23,045)</u>	<u>-</u>	<u>(91,224)</u>
Net Change in Fund Balances	141,013	141,013	(3,062,212)	5,151	29,190
Fund Balances - Beginning	874,847	874,847	5,919,638	7,431	515,629
Fund Balances - Ending	<u>\$ 1,015,860</u>	<u>\$ 1,015,860</u>	<u>\$ 2,857,426</u>	<u>\$ 12,582</u>	<u>\$ 544,819</u>

Special Revenue Funds

Timpanogos Storytelling Festival Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,811,395	\$ 1,811,395
-	-	-	465,520	465,520
181,178	-	31,986	289,932	289,932
3,835	-	1,174	83,775	83,775
88,985	10,530	15,546	141,606	509,902
<u>273,998</u>	<u>10,530</u>	<u>48,706</u>	<u>2,792,228</u>	<u>3,160,524</u>
-	-	-	344,500	362,120
317,622	-	34,096	1,360,420	1,360,420
-	-	-	55,000	55,000
-	-	-	54,558	54,558
-	-	-	3,909,836	4,085,883
<u>317,622</u>	<u>-</u>	<u>34,096</u>	<u>5,724,314</u>	<u>5,917,981</u>
(43,624)	10,530	14,610	(2,932,086)	(2,757,457)
5,380	-	-	57,181	57,181
(1,500)	(15,280)	-	(182,850)	(216,466)
<u>3,880</u>	<u>(15,280)</u>	<u>-</u>	<u>(125,669)</u>	<u>(159,285)</u>
(39,744)	(4,750)	14,610	(3,057,755)	(2,916,742)
801,833	7,500	172,545	7,424,576	8,299,423
<u>\$ 762,089</u>	<u>\$ 2,750</u>	<u>\$ 187,155</u>	<u>\$ 4,366,821</u>	<u>\$ 5,382,681</u>

(This page left blank intentionally)

**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, 2014

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,080,701	\$ 1,212,845	\$ 286,453	\$ 132,826
Accounts Receivable (Net of Allowance for Doubtful Accounts)	20,138	12,224	371,896	374,011
Restricted Cash and Cash Equivalents:				
Capital Improvement Projects	-	-	-	-
Total Current Assets	<u>1,100,839</u>	<u>1,225,069</u>	<u>658,349</u>	<u>506,837</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	(4,926,533)	(4,818,917)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,145,984</u>	<u>1,253,600</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,246,823</u>	<u>\$ 2,478,669</u>	<u>\$ 658,349</u>	<u>\$ 506,837</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 40,247	\$ 37,984	\$ 258,358	\$ 234,820
Accrued Liabilities	46,830	44,886	-	-
Accrued Vacation and Sick Leave	48,866	41,262	-	-
Due to Other Funds	-	-	-	-
Unearned Revenues	286,398	349,855	-	-
Total Current Liabilities	<u>422,341</u>	<u>473,987</u>	<u>258,358</u>	<u>234,820</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	2,572	2,172	-	-
Total Noncurrent Liabilities	<u>2,572</u>	<u>2,172</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>424,913</u>	<u>476,159</u>	<u>258,358</u>	<u>234,820</u>
NET POSITION				
Net Investment in Capital Assets	1,145,984	1,253,600	-	-
Unrestricted	675,926	748,910	399,991	272,017
Total Net Position	<u>1,821,910</u>	<u>2,002,510</u>	<u>399,991</u>	<u>272,017</u>
Total Liabilities & Net Position	<u>\$ 2,246,823</u>	<u>\$ 2,478,669</u>	<u>\$ 658,349</u>	<u>\$ 506,837</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 71,342	\$ -	\$ 1,438,496	\$ 1,345,671
94,327	95,625	486,361	481,860
-	43,200	-	43,200
<u>165,669</u>	<u>138,825</u>	<u>1,924,857</u>	<u>1,870,731</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
1,345,825	1,263,915	1,345,825	1,263,915
(310,601)	(270,894)	(5,237,134)	(5,089,811)
<u>1,129,833</u>	<u>1,087,630</u>	<u>2,275,817</u>	<u>2,341,230</u>
<u>\$ 1,295,502</u>	<u>\$ 1,226,455</u>	<u>\$ 4,200,674</u>	<u>\$ 4,211,961</u>
\$ 36,497	\$ 36,422	\$ 335,102	\$ 309,226
1,778	1,403	48,608	46,289
1,281	252	50,147	41,514
-	58,536	-	58,536
-	43,200	286,398	393,055
<u>39,556</u>	<u>139,813</u>	<u>720,255</u>	<u>848,620</u>
68	13	2,640	2,185
68	13	2,640	2,185
<u>39,624</u>	<u>139,826</u>	<u>722,895</u>	<u>850,805</u>
1,129,833	1,087,630	2,275,817	2,341,230
126,045	(1,001)	1,201,962	1,019,926
<u>1,255,878</u>	<u>1,086,629</u>	<u>3,477,779</u>	<u>3,361,156</u>
<u>\$ 1,295,502</u>	<u>\$ 1,226,455</u>	<u>\$ 4,200,674</u>	<u>\$ 4,211,961</u>

City of Orem
Combining Statement of Revenues, Expenses, and Change in Net Position
Nonmajor Proprietary Funds
For The Year Ended June 30, 2014

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
OPERATING REVENUES			
Charges for Services	\$ 1,369,059	\$ 1,650,269	\$ 3,369,722
Other Revenues	298	376	-
Total Operating Revenues	<u>1,369,357</u>	<u>1,650,645</u>	<u>3,369,722</u>
OPERATING EXPENSES			
Personnel Services	1,107,768	1,172,964	-
Supplies and Maintenance	218,660	207,763	36,253
Administrative Fee	-	-	405,552
Utilities	262,222	251,881	-
Contract Services	14,279	15,660	2,703,273
Equipment Lease and Rentals	510	-	-
Depreciation	107,616	106,022	-
Miscellaneous	5,435	3,736	62,549
Total Operating Expenses	<u>1,716,490</u>	<u>1,758,026</u>	<u>3,207,627</u>
Operating Income (Loss)	<u>(347,133)</u>	<u>(107,381)</u>	<u>162,095</u>
NONOPERATING REVENUES AND EXPENSES			
Interest Revenue	6,533	8,698	-
Gain (Loss) on Sale of Capital Assets	-	1,135	-
Total Nonoperating Revenues	<u>6,533</u>	<u>9,833</u>	<u>-</u>
Income (Loss) before Transfers	<u>(340,600)</u>	<u>(97,548)</u>	<u>162,095</u>
Transfers In	160,000	-	-
Transfers Out	-	-	(34,121)
Change in Net Position	<u>(180,600)</u>	<u>(97,548)</u>	<u>127,974</u>
Total Net Position - Beginning	<u>2,002,510</u>	<u>2,100,058</u>	<u>272,017</u>
Total Net Position - Ending	<u>\$ 1,821,910</u>	<u>\$ 2,002,510</u>	<u>\$ 399,991</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
\$ 3,237,559	\$ 893,485	\$ 868,528	\$ 5,632,266	\$ 5,756,356
-	118,254	29,144	118,552	29,520
<u>3,237,559</u>	<u>1,011,739</u>	<u>897,672</u>	<u>5,750,818</u>	<u>5,785,876</u>
-	61,585	52,220	1,169,353	1,225,184
27,602	83,141	7,697	338,054	243,062
375,354	-	-	405,552	375,354
-	411,774	437,545	673,996	689,426
2,539,900	-	42,708	2,717,552	2,598,268
-	685,169	679,525	685,679	679,525
-	39,707	39,741	147,323	145,763
56,776	2,519	1,073	70,503	61,585
<u>2,999,632</u>	<u>1,283,895</u>	<u>1,260,509</u>	<u>6,208,012</u>	<u>6,018,167</u>
<u>237,927</u>	<u>(272,156)</u>	<u>(362,837)</u>	<u>(457,194)</u>	<u>(232,291)</u>
-	3,405	1,983	9,938	10,681
-	-	-	-	1,135
-	3,405	1,983	9,938	11,816
<u>237,927</u>	<u>(268,751)</u>	<u>(360,854)</u>	<u>(447,256)</u>	<u>(220,475)</u>
-	453,000	764,809	613,000	764,809
(38,958)	(15,000)	(97,276)	(49,121)	(136,234)
<u>198,969</u>	<u>169,249</u>	<u>306,679</u>	<u>116,623</u>	<u>408,100</u>
<u>73,048</u>	<u>1,086,629</u>	<u>779,950</u>	<u>3,361,156</u>	<u>2,953,056</u>
<u>\$ 272,017</u>	<u>\$ 1,255,878</u>	<u>\$ 1,086,629</u>	<u>\$ 3,477,779</u>	<u>\$ 3,361,156</u>

City of Orem
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2014

	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	\$ 1,361,443	\$ 1,660,178	\$ 3,371,837	\$ 3,223,191
Payments to Suppliers	(564,461)	(489,890)	(2,778,537)	(2,676,053)
Payments to Employees	(1,095,659)	(1,171,654)	-	-
Payments for Interfund Services Used	-	-	(405,552)	(375,354)
Net Cash Provided (Used) by Operating Activities	<u>(298,677)</u>	<u>(1,366)</u>	<u>187,748</u>	<u>171,784</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	160,000	-	-	-
Transfers Out	-	-	(34,121)	(38,958)
Net Cash Provided (Used) by Noncapital Activities	<u>160,000</u>	<u>-</u>	<u>(34,121)</u>	<u>(38,958)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	(103,055)	-	-
Proceeds from Sales of Capital Assets	-	1,135	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(101,920)</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	6,533	8,698	-	-
Net Cash Provided (Used) by Investing Activities	<u>6,533</u>	<u>8,698</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(132,144)	(94,588)	153,627	132,826
Cash and Cash Equivalents - Beginning of Year	1,212,845	1,307,433	132,826	-
Cash and Cash Equivalents - End of Year	<u>\$ 1,080,701</u>	<u>\$ 1,212,845</u>	<u>\$ 286,453</u>	<u>\$ 132,826</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (347,133)	\$ (107,381)	\$ 162,095	\$ 237,927
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 107,616	\$ 106,022	\$ -	\$ -
(Increase) Decrease in Receivables	(7,914)	9,533	2,115	(14,368)
(Increase) Decrease in Prepaids	-	-	-	-
Increase (Decrease) in Accounts Payable	2,263	880	23,538	(12,889)
Increase (Decrease) in Accrued Liabilities	1,944	(2,177)	-	(38,886)
Increase (Decrease) in Unearned Revenue	(63,457)	(11,685)	-	-
Increase (Decrease) in Accrued Vacation and Sick Leave	8,004	3,442	-	-
Total Adjustments	<u>48,456</u>	<u>106,015</u>	<u>25,653</u>	<u>(66,143)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (298,677)</u>	<u>\$ (1,366)</u>	<u>\$ 187,748</u>	<u>\$ 171,784</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 1,013,037 (1,284,264) (60,126) -	\$ 897,455 (1,440,374) (66,473) -	\$ 5,746,317 (4,627,262) (1,155,785) (405,552)	\$ 5,780,824 (4,606,317) (1,238,127) (375,354)
<u>(331,353)</u>	<u>(609,392)</u>	<u>(442,282)</u>	<u>(438,974)</u>
453,000 (15,000)	764,809 (97,276)	613,000 (49,121)	764,809 (136,234)
<u>438,000</u>	<u>667,533</u>	<u>563,879</u>	<u>628,575</u>
(81,910) -	(16,924) -	(81,910) -	(119,979) 1,135
<u>(81,910)</u>	<u>(16,924)</u>	<u>(81,910)</u>	<u>(118,844)</u>
3,405	1,983	9,938	10,681
<u>3,405</u>	<u>1,983</u>	<u>9,938</u>	<u>10,681</u>
28,142	43,200	49,625	81,438
43,200	-	1,388,871	1,307,433
<u>\$ 71,342</u>	<u>\$ 43,200</u>	<u>\$ 1,438,496</u>	<u>\$ 1,388,871</u>
<u>\$ (272,156)</u>	<u>\$ (362,837)</u>	<u>(457,194)</u>	<u>(232,291)</u>
\$ 39,707 1,298 - 75 (58,161) (43,200)	\$ 39,741 (217) 680 35,336 (352,738) 43,200	147,323 (4,501) - 25,876 (56,217) (106,657)	145,763 (5,052) 680 23,327 (393,801) 31,515
1,084 (59,197)	(12,557) (246,555)	9,088 14,912	(9,115) (206,683)
<u>\$ (331,353)</u>	<u>\$ (609,392)</u>	<u>\$ (442,282)</u>	<u>\$ (438,974)</u>

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

**DEBT SERVICE FUNDS
DEBT SERVICE FUND**

**CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS FUND**

**SPECIAL REVENUE FUNDS
CARE TAX FUND
TELECOMMUNICATION BILLING FUND
COMMUNITY DEVELOPMENT & REHABILITATION FUND
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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,933,950	\$ 1,933,950	\$ 1,934,099	\$ 149
Special Assessments	718,422	768,422	259,058	(509,364)
Interest Revenues	-	-	5,088	5,088
Total Revenues	<u>2,652,372</u>	<u>2,702,372</u>	<u>2,198,245</u>	<u>(504,127)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	3,185,622	3,759,622	3,759,621	1
Interest and Fiscal Charges	4,146,239	6,675,590	6,652,257	23,333
Total Expenditures	<u>7,331,861</u>	<u>10,435,212</u>	<u>10,411,878</u>	<u>23,334</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,679,489)</u>	<u>(7,732,840)</u>	<u>(8,213,633)</u>	<u>(480,793)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	4,679,489	4,679,489	4,679,387	(102)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,679,489</u>	<u>4,679,489</u>	<u>4,679,387</u>	<u>(102)</u>
Net Change in Fund Balance	-	(3,053,351)	(3,534,246)	(480,895)
Fund Balance - Beginning	<u>4,975,983</u>	<u>4,975,983</u>	<u>4,975,983</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,975,983</u>	<u>\$ 1,922,632</u>	<u>\$ 1,441,737</u>	<u>\$ (480,895)</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	240,000	246,571	368,296	121,725
Total Revenues	240,000	246,571	368,296	121,725
EXPENDITURES				
Current:				
Capital Outlay	196,384	1,016,757	176,047	840,710
Economic and Physical Development	10,000	65,324	17,620	47,704
Total Expenditures	206,384	1,082,081	193,667	888,414
Excess (Deficiency) of Revenues over (under) Expenditures	33,616	(835,510)	174,629	1,010,139
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(33,616)	(33,616)	(33,616)	-
Total Other Financing Sources (Uses)	(33,616)	(33,616)	(33,616)	-
Net Change in Fund Balance	-	(869,126)	141,013	1,010,139
Fund Balance - Beginning	874,847	874,847	874,847	-
Fund Balance - Ending	\$ 874,847	\$ 5,721	\$ 1,015,860	\$ 1,010,139

City of Orem
 CARE Tax - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For The Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Taxes	\$ 1,670,000	\$ 1,670,000	\$ 1,811,395	\$ 141,395
Interest Revenues	30,000	30,000	22,976	(7,024)
Total Revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,834,371</u>	<u>134,371</u>
EXPENDITURES				
Current:				
Arts and Recreation Development	1,686,000	2,891,947	1,008,702	1,883,245
Capital Outlay	-	3,864,836	3,864,836	-
Total Expenditures	<u>1,686,000</u>	<u>6,756,783</u>	<u>4,873,538</u>	<u>1,883,245</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>14,000</u>	<u>(5,056,783)</u>	<u>(3,039,167)</u>	<u>2,017,616</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(14,000)	(23,045)	(23,045)	-
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(23,045)</u>	<u>(23,045)</u>	<u>-</u>
Net Change in Fund Balance	-	(5,079,828)	(3,062,212)	2,017,616
Fund Balance - Beginning	<u>5,919,638</u>	<u>5,919,638</u>	<u>5,919,638</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,919,638</u>	<u>\$ 839,810</u>	<u>\$ 2,857,426</u>	<u>\$ 2,017,616</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest Revenues	\$ 36,000	\$ 56,000	\$ 55,108	\$ (892)
Miscellaneous Revenues	4,000	4,000	3,748	(252)
Total Revenues	<u>40,000</u>	<u>60,000</u>	<u>58,856</u>	<u>(1,144)</u>
EXPENDITURES				
Current:				
Miscellaneous Expenditures	40,000	60,000	53,705	6,295
Total Expenditures	<u>40,000</u>	<u>60,000</u>	<u>53,705</u>	<u>6,295</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	5,151	5,151
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	-	-	5,151	5,151
Fund Balance - Beginning	7,431	7,431	7,431	-
Fund Balance - Ending	<u>\$ 7,431</u>	<u>\$ 7,431</u>	<u>\$ 12,582</u>	<u>\$ 5,151</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 653,000	\$ 1,067,282	\$ 465,520	\$ (601,762)
Charges for Services	13,000	13,000	76,768	63,768
Interest Revenues	500	500	682	182
Miscellaneous Revenues	-	-	22,797	22,797
Total Revenues	<u>666,500</u>	<u>1,080,782</u>	<u>565,767</u>	<u>(515,015)</u>
EXPENDITURES				
Current:				
Economic and Physical Development	426,276	756,934	290,795	466,139
Capital Outlay	40,000	362,432	45,000	317,432
Debt Service:				
Principal Retirement	55,000	55,000	55,000	-
Interest and Fiscal Charges	52,025	54,560	54,558	2
Total Expenditures	<u>573,301</u>	<u>1,228,926</u>	<u>445,353</u>	<u>783,573</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>93,199</u>	<u>(148,144)</u>	<u>120,414</u>	<u>268,558</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	51,801	51,801	51,801	-
Transfers Out	(145,000)	(145,000)	(143,025)	1,975
Total Other Financing Sources (Uses)	<u>(93,199)</u>	<u>(93,199)</u>	<u>(91,224)</u>	<u>1,975</u>
Net Change in Fund Balance	-	(241,343)	29,190	270,533
Fund Balance - Beginning	<u>515,629</u>	<u>515,629</u>	<u>515,629</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 515,629</u>	<u>\$ 274,286</u>	<u>\$ 544,819</u>	<u>\$ 270,533</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 185,000	\$ 185,000	\$ 181,178	\$ (3,822)
Interest Revenues	5,000	5,000	3,835	(1,165)
Miscellaneous Revenues	40,000	41,700	88,985	47,285
Total Revenues	<u>230,000</u>	<u>231,700</u>	<u>273,998</u>	<u>42,298</u>
EXPENDITURES				
Current:				
Library Programs	240,000	348,026	317,622	30,404
Total Expenditures	<u>240,000</u>	<u>348,026</u>	<u>317,622</u>	<u>30,404</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(10,000)</u>	<u>(116,326)</u>	<u>(43,624)</u>	<u>72,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	5,380	(4,620)
Transfers Out	-	(1,500)	(1,500)	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>8,500</u>	<u>3,880</u>	<u>(4,620)</u>
Net Change in Fund Balance	-	(107,826)	(39,744)	68,082
Fund Balance - Beginning	801,833	801,833	801,833	-
Fund Balance - Ending	<u>\$ 801,833</u>	<u>\$ 694,007</u>	<u>\$ 762,089</u>	<u>\$ 68,082</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenues	\$ 12,000	\$ 13,500	\$ 10,530	\$ (2,970)
Total Revenues	<u>12,000</u>	<u>13,500</u>	<u>10,530</u>	<u>(2,970)</u>
EXPENDITURES				
Current:				
City Programs	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>12,000</u>	<u>13,500</u>	<u>10,530</u>	<u>(2,970)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(12,000)	(21,000)	(15,280)	5,720
Total Other Financing Sources (Uses)	<u>(12,000)</u>	<u>(21,000)</u>	<u>(15,280)</u>	<u>5,720</u>
Net Change in Fund Balance	-	(7,500)	(4,750)	2,750
Fund Balance - Beginning	7,500	7,500	7,500	-
Fund Balance - Ending	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 2,750</u>	<u>\$ 2,750</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 20,750	\$ 20,750	\$ 31,986	\$ 11,236
Interest Revenues	2,000	2,000	1,174	(826)
Miscellaneous Revenues	30,250	30,250	15,546	(14,704)
Total Revenues	<u>53,000</u>	<u>53,000</u>	<u>48,706</u>	<u>(4,294)</u>
EXPENDITURES				
Current:				
Dances	10,000	10,000	7,768	2,232
Tours	25,000	27,000	19,982	7,018
Miscellaneous Expenditures	18,000	16,000	6,346	9,654
Total Expenditures	<u>53,000</u>	<u>53,000</u>	<u>34,096</u>	<u>18,904</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	14,610	14,610
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	-	-	14,610	14,610
Fund Balance - Beginning	<u>172,545</u>	<u>172,545</u>	<u>172,545</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 172,545</u>	<u>\$ 172,545</u>	<u>\$ 187,155</u>	<u>\$ 14,610</u>

Internal Service Funds

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

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

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

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

City of Orem
Internal Service Funds
Combining Statement of Net Position
June 30, 2014

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 117,154	\$ 147,510	\$ 2,147,492	\$ 2,412,156
Inventories	-	421,058	-	421,058
Total Current Assets	<u>117,154</u>	<u>568,568</u>	<u>2,147,492</u>	<u>2,833,214</u>
Noncurrent Assets:				
Capital Assets:				
Buildings	-	150,000	-	150,000
Machinery and Equipment	149,178	32,248	15,000	196,426
Less Accumulated Depreciation	(130,195)	(74,748)	(15,000)	(219,943)
Total Capital Assets (Net of Accumulated Depreciation)	<u>18,983</u>	<u>107,500</u>	<u>-</u>	<u>126,483</u>
Total Assets	<u>\$ 136,137</u>	<u>\$ 676,068</u>	<u>\$ 2,147,492</u>	<u>\$ 2,959,697</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 2,198	\$ 3,773	\$ 45,467	\$ 51,438
Accrued Liabilities	8,633	6,391	1,489	16,513
Accrued Vacation and Sick Leave	29,012	22,155	1,577	52,744
Claims and Judgments	-	-	323,734	323,734
Total Current Liabilities	<u>39,843</u>	<u>32,319</u>	<u>372,267</u>	<u>444,429</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	1,527	1,166	9,991	12,684
Claims and Judgments	-	-	601,632	601,632
Total Noncurrent Liabilities	<u>1,527</u>	<u>1,166</u>	<u>611,623</u>	<u>614,316</u>
Total Liabilities	<u>41,370</u>	<u>33,485</u>	<u>983,890</u>	<u>1,058,745</u>
NET POSITION				
Net Investment in Capital Assets	18,983	107,500	-	126,483
Restricted for Capital Improvements	-	-	-	-
Unrestricted	75,784	535,083	1,163,602	1,774,469
Total Net Position	<u>\$ 94,767</u>	<u>\$ 642,583</u>	<u>\$ 1,163,602</u>	<u>\$ 1,900,952</u>

City of Orem
Internal Service Funds
Combining Statement of Revenues, Expenses, and Change in Net Position
For The Year Ended June 30, 2014

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
OPERATING REVENUES:				
Charges for Services to Other Funds	\$ 585,000	\$ 340,000	\$ 1,666,021	\$ 2,591,021
Other Revenues	-	180	-	180
Total Operating Revenues	<u>585,000</u>	<u>340,180</u>	<u>1,666,021</u>	<u>2,591,201</u>
OPERATING EXPENSES:				
Personnel Services	366,276	244,575	49,513	660,364
Supplies, Maintenance and Claims	191,596	74,686	1,412,708	1,678,990
Depreciation Expense	9,569	6,000	893	16,462
Total Operating Expenses	<u>567,441</u>	<u>325,261</u>	<u>1,463,114</u>	<u>2,355,816</u>
Operating Income (Loss)	<u>17,559</u>	<u>14,919</u>	<u>202,907</u>	<u>235,385</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) on Sales of Fixed Assets	964	-	-	964
Total Nonoperating Revenues (Expenses)	<u>964</u>	<u>-</u>	<u>-</u>	<u>964</u>
Income (Loss) before Operating				
Transfers	18,523	14,919	202,907	236,349
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	<u>18,523</u>	<u>14,919</u>	<u>202,907</u>	<u>236,349</u>
Total Net Position - Beginning	<u>76,244</u>	<u>627,664</u>	<u>960,695</u>	<u>1,664,603</u>
Total Net Position - Ending	<u>\$ 94,767</u>	<u>\$ 642,583</u>	<u>\$ 1,163,602</u>	<u>\$ 1,900,952</u>

City of Orem
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended June 30, 2014

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	\$ 585,000	\$ 340,180	\$ 1,666,021	\$ 2,591,201
Payments to Suppliers	(189,166)	(86,892)	(1,429,861)	(1,705,919)
Payments to Employees	(363,686)	(245,405)	(49,078)	(658,169)
Net Cash Provided (Used) by Operating Activities	32,148	7,883	187,082	227,113
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	-	-	-
Proceeds from the Sale of Capital Assets	964	-	-	964
Net Cash Provided (Used) in Capital Financing Activities	964	-	-	964
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Revenue	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	33,112	7,883	187,082	228,077
Cash and Cash Equivalents - Beginning of Year	84,042	139,627	1,960,410	2,184,079
Cash and Cash Equivalents - End of Year	\$ 117,154	\$ 147,510	\$ 2,147,492	\$ 2,412,156
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 17,559	\$ 14,919	\$ 202,907	\$ 235,385
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	9,569	6,000	893	16,462
(Increase) Decrease in Inventory	-	(14,678)	-	(14,678)
Increase (Decrease) in Accounts Payable	895	1,842	36,976	39,713
Increase (Decrease) in Accrued Liabilities	1,535	630	1,489	3,654
Increase (Decrease) in Accrued Vacation and Sick Leave	2,590	(830)	435	2,195
Increase (Decrease) in Claims and Judgments	-	-	(55,618)	(55,618)
Total Adjustments	14,589	(7,036)	(15,825)	(8,272)
Net Cash Provided (Used) by Operating Activities	\$ 32,148	\$ 7,883	\$ 187,082	\$ 227,113

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



City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedules By Source - Comparative¹
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Governmental Funds Capital Assets:		
Land	\$ 59,028,414	\$ 59,028,414
Buildings	28,870,213	28,870,213
Improvements other than Buildings	28,636,380	28,640,799
Machinery and Equipment	18,191,302	17,806,841
Infrastructure	112,575,272	111,695,520
Construction in Progress	4,162,307	239,304
Total Governmental Funds Capital Assets	<u><u>\$ 251,463,888</u></u>	<u><u>\$ 246,281,091</u></u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 219,585,114	\$ 215,343,312
Capital Projects Fund	14,183,298	14,042,249
Federal Grants	740,435	682,431
State Road Funds	11,743,373	10,863,313
Redevelopment	2,099,191	2,099,191
Community Development	3,112,477	3,250,595
Total Governmental Funds Capital Assets	<u><u>\$ 251,463,888</u></u>	<u><u>\$ 246,281,091</u></u>

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

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedule By Function and Activity¹
June 30, 2014

Function and Activity	Land	Buildings	Improvements Other Than Buildings
General Government:			
Executive	\$ -	\$ -	\$ 45,499
Administrative Services	-	2,075	26,263
Legal	-	-	10,100
Development Services	-	-	-
General Government	1,601,415	4,025,198	1,493,161
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>2,997,803</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	-	3,343,011
Street Lighting	-	-	1,421,854
Total Highways and Streets	<u>51,083,470</u>	<u>7,874,114</u>	<u>5,128,189</u>
Parks and Recreation	5,930,588	4,232,958	18,401,749
Library	222,345	4,818,770	1,190,915
Total Governmental Funds Capital Assets	<u>\$ 59,028,414</u>	<u>\$ 28,870,213</u>	<u>\$ 28,636,380</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
\$ 912,585	\$ -	\$ 201,763	\$ 1,159,847
386,178	-	-	414,516
10,590	-	-	20,690
161,790	-	-	161,790
82,630	291,428	14,145	7,507,977
388,553	-	-	388,553
7,800	2,006,310	-	2,099,190
-	1,766,672	-	3,112,477
<u>1,950,126</u>	<u>4,064,410</u>	<u>215,908</u>	<u>14,865,040</u>
1,249,012	-	-	6,636,325
4,888,888	-	-	4,976,233
4,630,550	-	-	8,171,625
67,544	-	-	69,124
<u>10,835,994</u>	<u>-</u>	<u>-</u>	<u>19,853,307</u>
422,069	-	-	8,693,057
2,333,660	106,725,816	68,476	163,520,883
-	1,136,155	-	2,558,009
<u>2,755,729</u>	<u>107,861,971</u>	<u>68,476</u>	<u>174,771,949</u>
2,138,607	648,891	3,614,065	34,966,858
510,846	-	263,858	7,006,734
<u>\$ 18,191,302</u>	<u>\$ 112,575,272</u>	<u>\$ 4,162,307</u>	<u>\$ 251,463,888</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, 2014

Function and Activity	Governmental Funds Capital Assets June 30, 2013	Additions	Deductions	Governmental Funds Capital Assets June 30, 2014
General Government:				
Executive	\$ 964,393	\$ 228,217	\$ (30,689)	\$ 1,161,921
Administrative Services	420,223	18,418	(26,200)	412,441
Legal	20,690	-	-	20,690
Development Services	161,790	-	-	161,790
General Government	7,559,855	42,032	(104,101)	7,497,786
Engineering	398,744	-	-	398,744
Redevelopment	2,099,190	-	-	2,099,190
Community Development	3,250,595	45,000	(183,118)	3,112,477
Total General Government	<u>14,875,480</u>	<u>333,667</u>	<u>(344,108)</u>	<u>14,865,039</u>
Public Safety:				
Administration	6,636,325	-	-	6,636,325
Police Protection	4,907,941	337,890	(269,596)	4,976,235
Fire Protection	8,116,833	151,602	(96,810)	8,171,625
Emergency Services	69,124	-	-	69,124
Total Public Safety	<u>19,730,223</u>	<u>489,492</u>	<u>(366,406)</u>	<u>19,853,309</u>
Highways and Streets:				
Administration & Engineering	8,707,627	-	(14,570)	8,693,057
Street System	162,452,363	1,169,402	(100,880)	163,520,885
Street Lighting	2,558,009	-	-	2,558,009
Total Highways and Streets	<u>173,717,999</u>	<u>1,169,402</u>	<u>(115,450)</u>	<u>174,771,951</u>
Parks and Recreation	30,983,045	4,057,368	(73,558)	34,966,855
Library	6,974,344	32,390	-	7,006,734
Total Governmental Funds Capital Assets	<u>\$ 246,281,091</u>	<u>\$ 6,082,319</u>	<u>\$ (899,522)</u>	<u>\$ 251,463,888</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	128
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	136
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity and Other Debt Information	148
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	159
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating and Other Information	164
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. 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			
	2005	2006	2007	2008
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 102,793,522	\$ 106,186,394	\$ 114,171,270	\$ 117,130,313
Restricted	2,018,812	2,177,533	4,388,201	4,701,465
Unrestricted	25,146,428	28,835,694	26,880,967	27,564,080
Total Governmental Activities Net Position	129,958,762	137,199,621	145,440,438	149,395,858
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	42,361,442	44,153,834	52,823,374	51,848,628
Restricted	1,446,437	190,283	-	-
Unrestricted	6,005,168	8,248,979	4,255,124	8,709,036
Total Business-type Activities Net Position	49,813,047	52,593,096	57,078,498	60,557,664
Primary Government:				
Net Investment in Capital Assets	145,154,964	150,340,228	166,994,644	168,978,941
Restricted	3,465,249	2,367,816	4,388,201	4,701,465
Unrestricted	31,151,596	37,084,673	31,136,091	36,273,116
Total Primary Government Net Position	\$ 179,771,809	\$ 189,792,717	\$ 202,518,936	\$ 209,953,522

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 120,836,719	\$ 117,860,004	\$ 120,200,518	\$ 118,628,873	\$ 116,156,331	\$ 119,632,622
4,921,721	4,538,256	21,068,271	22,727,294	23,499,201	19,222,811
24,022,927	28,287,115	11,301,287	12,619,271	15,467,624	18,050,956
<u>149,781,367</u>	<u>150,685,375</u>	<u>152,570,076</u>	<u>153,975,438</u>	<u>155,123,156</u>	<u>156,906,389</u>
51,508,253	51,418,176	50,282,917	51,205,188	52,401,013	51,205,761
-	4,281,613	4,069,158	2,244,480	2,035,413	2,459,159
10,772,961	6,880,529	8,249,952	11,483,226	13,503,553	17,867,439
<u>62,281,214</u>	<u>62,580,318</u>	<u>62,602,027</u>	<u>64,932,894</u>	<u>67,939,979</u>	<u>71,532,359</u>
172,344,972	169,278,180	170,483,435	169,834,061	168,557,344	170,838,383
4,921,721	8,819,869	25,137,429	24,971,774	25,534,614	21,681,970
34,795,888	35,167,644	19,551,239	24,102,497	28,971,177	35,918,395
<u>\$ 212,062,581</u>	<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>

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

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
Expenses						
Governmental Activities:						
General Government	\$ 10,415,773	\$ 10,975,627	\$ 13,206,656	\$ 14,062,762	\$ 12,836,604	\$ 10,173,033
Public Safety	15,346,389	16,234,941	17,856,927	19,491,191	20,352,956	20,987,542
Highways and Public Improvements	7,100,065	6,485,972	6,574,954	8,646,549	8,299,238	7,677,709
Parks, Recreation and Arts	6,662,804	6,866,860	7,904,959	9,416,719	9,474,718	9,291,122
Economic and Physical Development	1,978,787	4,555,829	4,134,244	3,221,573	1,886,214	1,868,880
Redevelopment	542,663	846,212	1,189,544	593,283	1,026,908	1,030,308
Interest on Long-term Debt	1,882,277	2,083,152	2,263,478	2,217,525	2,171,793	2,130,686
Total Governmental Activities Expenses	43,928,758	48,048,593	53,129,762	57,649,602	56,048,431	53,159,280
Business-type Activities:						
Water	6,804,176	7,503,542	7,431,471	8,388,236	8,849,126	9,790,583
Water Reclamation	5,826,744	5,975,572	5,894,276	5,982,610	5,996,131	5,963,812
Storm Sewer	1,539,806	1,814,312	1,734,893	2,004,281	2,250,279	2,312,019
Recreation	2,047,026	1,989,045	1,567,468	1,617,587	1,695,721	1,766,296
Solid Waste	2,708,103	2,774,492	2,955,318	3,014,707	3,128,564	3,211,021
Street Lighting	1,133,368	1,131,094	1,166,820	1,244,305	1,250,380	1,275,827
Total Business-type Activities Expenses	20,059,223	21,188,067	20,750,246	22,251,726	23,170,201	24,319,558
Total Primary Government Expenses	63,987,981	69,236,650	73,880,008	79,901,328	79,218,632	77,478,838
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	9,725,813	10,282,461	11,054,187	11,697,008	9,687,642	7,689,108
Public Safety	2,779,134	2,765,785	3,156,406	3,339,720	4,928,986	4,603,279
Parks, Recreation and Arts	12,559	19,717	301,383	545,132	621,115	554,474
Economic and Physical Development	286,904	289,476	273,279	277,113	306,039	33,632
Operating Grants and Contributions	1,546,029	1,597,103	852,452	1,438,884	1,369,082	1,595,959
Capital Grants and Contributions	3,178,409	4,188,784	5,800,844	4,127,289	2,881,835	3,074,396
Total Governmental Activities Program Revenues	17,528,848	19,123,326	21,438,551	21,425,146	19,794,699	17,550,848
Business-type Activities:						
Charges for Services:						
Water	6,166,137	6,952,156	7,741,810	9,331,098	9,402,862	8,468,089
Water Reclamation	4,824,003	5,800,558	6,154,501	6,073,791	6,060,235	6,448,057
Storm Sewer	2,470,225	2,510,331	2,523,425	2,549,082	2,688,822	2,819,306
Recreation	1,761,167	1,648,619	1,452,458	1,588,894	1,610,947	1,590,568
Solid Waste	2,853,586	2,900,873	2,893,052	2,961,104	2,999,129	3,084,768
Street Lighting	628,449	672,033	684,250	689,343	742,629	866,134
Operating Grants and Contributions	-	-	248,000	-	-	-
Capital Grants and Contributions	1,123,170	1,763,440	2,677,880	926,500	-	313,622
Total Business-type Activities Program Revenues	19,826,737	22,248,010	24,375,376	24,119,812	23,504,624	23,590,544
Total Primary Government Program Revenues	37,355,585	41,371,336	45,813,927	45,544,958	43,299,323	41,141,392
Net (Expense) Revenue						
Governmental Activities	(26,399,910)	(28,925,267)	(31,691,211)	(36,224,456)	(36,253,732)	(35,608,432)
Business-type Activities	(232,486)	1,059,953	3,625,130	1,868,086	334,423	(729,014)
Total Primary Government Net (Expense) Revenue	\$ (26,632,396)	\$ (27,865,314)	\$ (28,066,081)	\$ (34,356,370)	\$ (35,919,309)	\$ (36,337,446)
General Revenues and Other Changes in Net Position						
Governmental Activities:						
Taxes:						
Sales Taxes	15,373,690	18,008,143	21,330,290	20,616,891	17,989,571	16,779,178
Property Taxes	7,710,867	8,741,450	9,558,706	9,082,992	10,243,876	10,320,412
Franchise Taxes	5,970,311	6,888,934	6,804,907	7,291,044	7,342,725	7,643,257
Vehicle and Other Taxes	1,011,739	1,079,912	1,288,386	1,114,817	1,038,934	1,505,864
Unrestricted Investment Earnings	452,157	1,424,846	1,735,589	1,468,514	1,017,692	212,169
Gain on Sale of Capital Assets	78,736	774,740	3,567,621	666,063	8,591	74,794
Transfers	(612,768)	(751,899)	(153,471)	(1,036,106)	(1,002,148)	(68,020)
Total Governmental Activities	29,984,712	36,166,126	44,132,028	39,204,215	36,639,241	36,467,654
Business-type Activities:						
Unrestricted Investment Earnings	312,582	968,197	699,801	443,870	307,064	92,554
Gain on Sale of Capital Assets	31,500	-	7,000	131,104	79,915	10,156
Transfers	612,768	751,899	153,471	1,036,106	1,002,148	68,020
Total Business-type Activities	956,850	1,720,096	860,272	1,611,080	1,389,127	170,730
Total Primary Government	30,941,562	37,886,222	44,992,300	40,815,295	38,028,368	36,638,384
Change in Net Position						
Governmental Activities	3,584,802	7,240,859	12,440,817	2,979,759	385,509	859,222
Business-type Activities	724,364	2,780,049	4,485,402	3,479,166	1,723,550	(558,284)
Total Primary Government	\$ 4,309,166	\$ 10,020,908	\$ 16,926,219	\$ 6,458,925	\$ 2,109,059	\$ 300,938

Fiscal Year				
	2011	2012	2013	2014
\$	10,878,275	\$ 11,154,305	\$ 11,534,649	\$ 12,398,443
	21,030,800	21,611,770	21,305,592	20,927,444
	8,445,665	7,987,142	7,485,469	7,583,113
	9,018,719	9,266,216	8,961,377	8,415,399
	1,831,623	1,664,674	778,954	815,708
	1,039,965	1,651,667	1,217,886	1,305,271
	1,857,526	3,654,187	6,151,718	6,585,839
	<u>54,102,573</u>	<u>56,989,961</u>	<u>57,435,645</u>	<u>58,031,217</u>
	9,726,003	9,939,501	10,405,264	10,765,320
	5,924,058	6,173,983	6,164,406	6,597,101
	2,272,163	2,335,612	2,338,213	2,401,066
	1,765,355	1,818,935	1,768,026	1,716,490
	3,180,547	3,189,138	2,999,632	3,207,627
	1,282,288	1,231,494	1,260,509	1,283,895
	<u>24,150,414</u>	<u>24,688,663</u>	<u>24,926,050</u>	<u>25,971,499</u>
	<u>78,252,987</u>	<u>81,678,624</u>	<u>82,361,695</u>	<u>84,002,716</u>
	8,778,383	9,943,923	9,624,404	10,180,619
	4,246,902	4,116,110	4,306,443	4,276,822
	818,010	833,489	820,453	856,832
	9,571	78,199	163,099	76,768
	2,264,533	2,077,014	1,273,162	1,271,755
	2,966,474	2,565,504	2,613,082	2,413,909
	<u>19,073,873</u>	<u>19,614,239</u>	<u>18,800,643</u>	<u>19,076,705</u>
	9,237,211	11,040,897	11,021,745	13,201,526
	6,597,342	6,811,766	7,146,508	7,520,706
	2,639,270	2,944,351	3,091,807	3,103,768
	1,656,084	1,704,847	1,650,645	1,369,357
	3,102,999	3,180,937	3,237,559	3,369,722
	864,928	869,312	897,672	1,011,739
	112,480	73,400	394,507	723,964
	<u>24,210,314</u>	<u>26,625,510</u>	<u>27,440,443</u>	<u>30,300,782</u>
	<u>43,284,187</u>	<u>46,239,749</u>	<u>46,241,086</u>	<u>49,377,487</u>
	(35,028,700)	(37,375,722)	(38,635,002)	(38,954,512)
	59,900	1,936,847	2,514,393	4,329,283
\$	<u>(34,968,800)</u>	<u>(35,438,875)</u>	<u>(36,120,609)</u>	<u>(34,625,229)</u>
	17,096,224	18,106,273	18,944,647	19,818,967
	10,893,480	11,008,739	11,517,710	11,065,522
	7,301,384	7,437,757	7,816,921	7,966,780
	1,332,635	1,963,732	1,585,215	1,402,481
	180,340	288,930	274,462	421,721
	17,405	73,693	43,371	54,728
	91,933	(98,040)	(399,606)	500,649
	<u>36,913,401</u>	<u>38,781,084</u>	<u>39,782,720</u>	<u>41,220,848</u>
	80,038	125,167	90,651	98,093
	(26,296)	170,813	2,435	10,733
	(91,933)	98,040	399,606	(500,649)
	<u>(38,191)</u>	<u>394,020</u>	<u>492,692</u>	<u>(391,823)</u>
	<u>36,875,210</u>	<u>39,175,104</u>	<u>40,275,412</u>	<u>40,829,025</u>
	1,884,701	1,405,362	1,147,718	2,266,336
	21,709	2,330,867	3,007,085	3,937,460
\$	<u>1,906,410</u>	<u>3,736,229</u>	<u>4,154,803</u>	<u>6,203,796</u>

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable	\$ 1,875	\$ 30,351	\$ 19,799	\$ 22,636
Restricted	782,669	1,322,355	1,720,950	1,635,185
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	6,521,065	6,140,485	9,031,333	10,962,112
Total General Fund	<u>7,305,609</u>	<u>7,493,191</u>	<u>10,772,082</u>	<u>12,619,933</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	2,761,033	3,385,254	5,883,576	7,519,224
Committed	9,042,061	9,713,980	1,911,824	-
Assigned	7,297,535	7,616,406	7,923,283	6,008,984
Total All Other Governmental Funds	<u>19,100,629</u>	<u>20,715,640</u>	<u>15,718,683</u>	<u>13,528,208</u>
Total Governmental Funds				
Nonspendable	1,875	30,351	19,799	22,636
Restricted	3,543,702	4,707,609	7,604,526	9,154,409
Committed	9,042,061	9,713,980	1,911,824	-
Assigned	7,297,535	7,616,406	7,923,283	6,008,984
Unassigned	6,521,065	6,140,485	9,031,333	10,962,112
Total Governmental Funds	<u>\$ 26,406,238</u>	<u>\$ 28,208,831</u>	<u>\$ 26,490,765</u>	<u>\$ 26,148,141</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 26,745	\$ 51,604	\$ 107,041	\$ 97,590	\$ 183,807	\$ 146,343
1,743,596	4,345,683	5,439,904	5,367,461	5,721,516	5,554,462
-	-	497,768	75,000	75,000	75,000
-	-	1,226,527	2,145,703	1,500,374	1,893,107
6,773,200	5,410,613	3,471,493	3,396,016	6,092,838	10,073,358
8,543,541	9,807,900	10,742,733	11,081,770	13,573,535	17,742,270
-	1,442,352	3,406,170	4,341,351	2,473,532	-
9,670,532	9,746,056	12,115,156	12,920,892	15,120,346	13,522,006
-	-	109,753	-	-	-
5,972,530	4,433,744	1,158,818	2,487,021	3,518,562	2,380,417
15,643,062	15,622,152	16,789,897	19,749,264	21,112,440	15,902,423
26,745	1,493,956	3,513,211	4,438,941	2,657,339	146,343
11,414,128	14,091,739	17,555,060	18,288,353	20,841,862	19,076,468
-	-	607,521	75,000	75,000	75,000
5,972,530	4,433,744	2,385,345	4,632,724	5,018,936	4,273,524
6,773,200	5,410,613	3,471,493	3,396,016	6,092,838	10,073,358
\$ 24,186,603	\$ 25,430,052	\$ 27,532,630	\$ 30,831,034	\$ 34,685,975	\$ 33,644,693

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes and Special Assessments	\$ 29,845,163	\$ 35,035,714	\$ 39,405,860	\$ 38,517,744	\$ 37,312,000
Licenses and Permits	1,366,925	1,880,567	1,647,862	1,596,935	1,027,151
Intergovernmental	4,536,148	4,110,180	3,656,271	4,325,215	3,836,399
Charges for Services	3,663,844	3,865,549	4,509,999	4,832,559	5,819,384
Fines and Forfeitures	566,175	534,071	607,152	580,510	608,103
Charges for Services - Other Funds	3,654,299	3,681,670	3,821,727	3,921,154	4,081,747
Interest Income	477,456	1,270,386	1,619,097	1,321,190	732,409
Miscellaneous Revenue	3,464,193	2,335,497	5,416,232	2,311,797	1,540,989
Total Revenues	47,574,203	52,713,634	60,684,200	57,407,104	54,958,182
Expenditures					
General Government	9,942,870	10,133,159	11,243,791	11,620,136	11,433,442
Public Safety	16,293,215	15,534,673	16,593,911	17,851,249	19,338,116
Highways and Public Improvements	4,208,802	4,223,289	4,062,508	4,107,184	4,188,647
Parks, Recreation and Arts	5,130,601	5,294,410	5,974,738	7,807,327	8,052,037
Economic and Physical Development	1,102,607	3,354,384	3,500,924	1,998,675	676,049
Redevelopment	530,618	594,165	620,031	577,702	939,909
Debt Service:					
Principal Retirement	3,047,454	4,319,780	2,967,022	3,260,950	6,860,871
Interest and Fiscal Charges	1,873,517	2,226,774	2,191,810	2,146,891	2,436,375
Capital Lease Payments - Principal	80,627	112,590	115,378	68,361	87,660
Capital Lease Payments - Interest	10,845	18,327	11,815	5,824	4,755
Capital Outlay	1,764,864	12,971,979	17,514,340	10,520,814	5,985,800
Total Expenditures	43,986,020	58,783,530	64,796,268	59,965,113	60,003,661
Excess of Revenues over					
(under) Expenditures	3,588,183	(6,069,896)	(4,112,068)	(2,558,009)	(5,045,479)
Other Financing Sources (Uses)					
Issuance of Bonds & Other Debt	13,149,409	8,623,563	6,814,204	7,290,169	6,926,936
Payment to Bond Refunding Agent	(3,790,000)	-	(3,770,800)	(5,750,946)	(2,905,000)
Capital Leases	58,560	-	-	90,783	34,977
Transfers In	11,582,120	9,018,070	7,873,388	6,648,353	6,902,301
Transfers Out	(13,643,169)	(9,769,144)	(8,522,790)	(7,038,634)	(7,875,273)
Total Other Financing Sources (Uses)	7,356,920	7,872,489	2,394,002	1,239,725	3,083,941
Net Change in Fund Balances	\$ 10,945,103	\$ 1,802,593	\$ (1,718,066)	\$ (1,318,284)	\$ (1,961,538)
Debt Service as a percentage					
of Noncapital Expenditures	12.3%	14.6%	11.4%	10.8%	17.1%

Fiscal Year				
2010	2011	2012	2013	2014
\$ 36,955,125	\$ 36,999,164	\$ 40,286,108	\$ 40,595,860	\$ 40,004,715
1,080,748	1,213,994	1,093,859	1,147,855	1,437,173
4,670,355	5,221,007	4,642,518	3,886,244	3,685,664
5,621,965	5,744,989	5,789,061	6,026,996	6,387,452
618,992	1,073,523	1,343,329	1,358,345	1,587,870
4,347,299	4,239,346	4,478,369	4,447,898	4,498,406
209,311	259,815	340,125	274,439	420,619
2,977,428	1,917,299	2,302,321	1,937,934	1,665,174
56,481,223	56,669,137	60,275,690	59,675,571	59,687,073
10,843,565	11,562,870	10,348,586	11,093,324	11,609,569
19,729,088	20,098,983	20,371,289	20,332,951	19,951,315
5,322,963	4,285,166	3,707,727	2,974,008	2,934,326
7,785,452	7,510,159	7,730,925	7,558,171	7,016,106
667,883	630,073	1,588,116	707,403	707,759
940,879	950,536	1,562,238	1,128,457	1,215,842
4,200,905	4,877,352	3,834,833	3,130,714	3,814,621
2,197,450	1,983,792	3,821,259	6,233,296	6,706,815
37,200	34,028	31,132	98,213	108,318
2,259	1,718	1,989	12,099	10,218
3,606,664	4,712,497	4,435,299	1,963,153	7,180,569
55,334,308	56,647,174	57,433,393	55,231,789	61,255,458
1,146,915	21,963	2,842,297	4,443,782	(1,568,385)
4,809,811	1,915,000	1,814,000	-	-
(4,703,082)	-	(1,785,000)	-	-
-	73,078	525,147	-	26,454
12,735,609	4,018,147	5,933,470	7,199,980	7,452,857
(12,790,590)	(3,925,610)	(6,031,510)	(7,788,821)	(6,952,208)
51,748	2,080,615	456,107	(588,841)	527,103
\$ 1,198,663	\$ 2,102,578	\$ 3,298,404	\$ 3,854,941	\$ (1,041,282)
12.3%	13.0%	14.3%	17.4%	19.3%

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

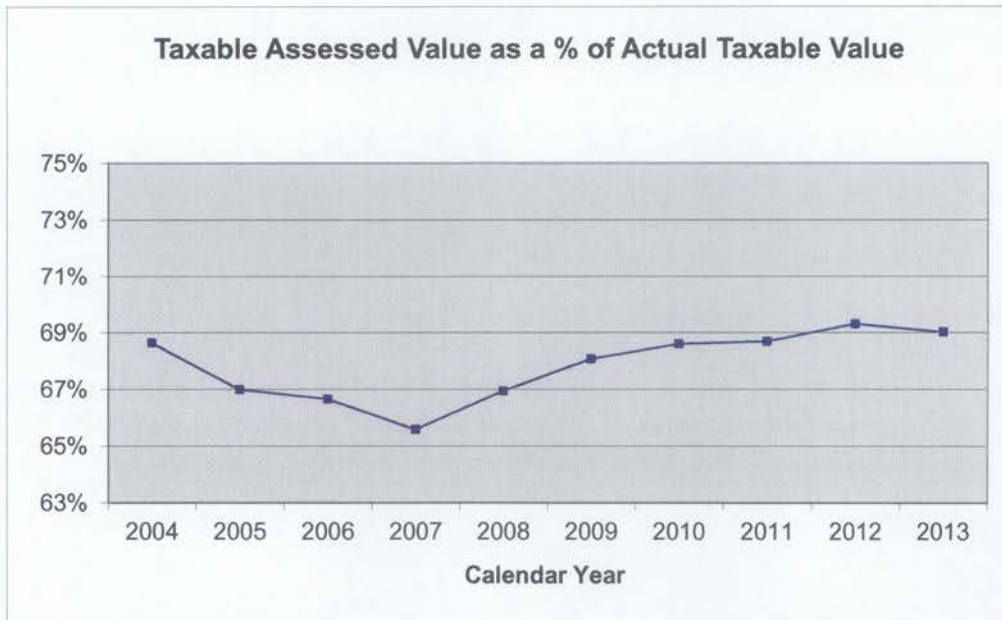
Calendar Year ¹	Taxable Assessed Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
2004	\$ 1,953,411,264	\$ 362,106	\$ 1,029,051,253	\$ 1,198,488	\$ 31,784,709
2005	1,992,628,465	434,933	1,017,869,457	903,526	31,998,112
2006	2,149,974,976	2,163,884	1,076,093,714	817,809	26,283,264
2007	2,826,766,252	3,979,753	1,274,663,047	507,506	21,832,436
2008	2,843,159,747	5,025,651	1,540,471,628	505,940	19,916,072
2009	2,531,397,498	88,201,742	1,625,957,618	927,232	5,171,123
2010	2,442,893,252	69,047,883	1,665,301,399	477,597	3,173,671
2011	2,319,187,515	60,784,441	1,551,035,553	446,286	3,599,142
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

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
\$ 217,460,513	\$ 41,478,607	\$ 3,274,746,940	\$ 0.001800	\$ 4,770,391,971	68.65%
213,740,087	51,946,930	3,309,521,510	0.002036	4,940,209,745	66.99%
233,802,981	30,101,214	3,519,237,842	0.002045	5,280,078,727	66.65%
253,305,890	32,014,012	4,413,068,896	0.001670	6,729,133,809	65.58%
277,909,182	29,177,534	4,716,165,754	0.001578	7,046,499,261	66.93%
292,671,778	25,501,802	4,569,828,793	0.001676	6,713,137,262	68.07%
275,721,406	33,596,021	4,490,211,229	0.001739	6,545,435,794	68.60%
294,715,129	43,727,917	4,273,495,983	0.001879	6,220,745,765	68.70%
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%



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

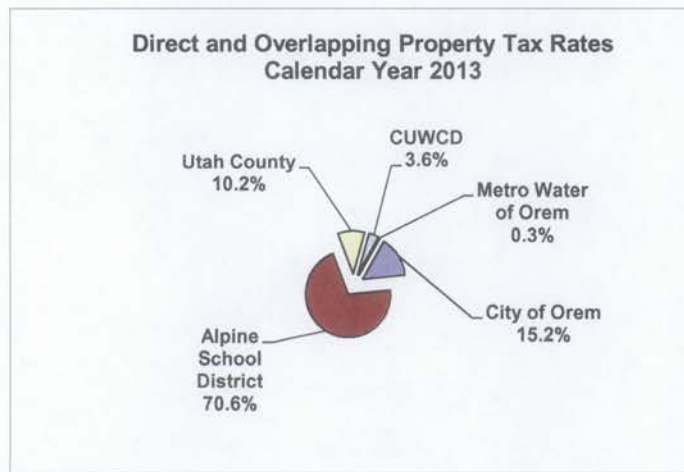
Calendar Year ²	City of Orem Direct Rates			Overlapping Rates ¹					Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem		
2004	0.001479%	0.000321%	0.001800%	0.008119%	0.001425%	0.000353%	0.000043%	0.011740%	
2005	0.001485	0.000551	0.002036	0.008082	0.001391	0.000400	0.000043	0.011952	
2006	0.001404	0.000641	0.002045	0.006883	0.001262	0.000357	0.000042	0.010589	
2007	0.001154	0.000516	0.001670	0.006937	0.001000	0.000302	0.000035	0.009944	
2008	0.001091	0.000487	0.001578	0.007057	0.001105	0.000286	0.000033	0.010059	
2009	0.001166	0.000510	0.001676	0.007541	0.001203	0.000400	0.000035	0.010855	
2010	0.001220	0.000519	0.001739	0.008220	0.001294	0.000421	0.000036	0.011710	
2011	0.001325	0.000554	0.001879	0.008812	0.001342	0.000436	0.000039	0.012508	
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	

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 2013			Calendar Year 2004		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
	University Mall	\$ 116,188,775	1	2.68%	\$ 63,147,729	1
TCU Properties	57,268,400	2	1.32%	10,159,350	10	0.31%
Pacificorp	48,425,636	3	1.12%	23,358,588	3	----
Timpanogos Regional Hospital	41,727,750	4	0.96%	19,000,000	4	0.58%
Pinnacle Apartments (Hart)	23,161,500	5	0.53%	----		----
Wolverine Crossing LLC	21,025,200	6	0.49%	----		----
Questar Gas	19,987,882	7	0.46%	11,917,563	9	----
University Crossing Shopping Ctr	19,833,900	8	0.46%	----		----
Boyer Lake Point Shopping Ctr	16,209,400	9	0.37%	13,675,892	7	0.42%
Retail Trust III (Walmart)	15,672,200	10	0.36%	----		----
Dickson Properties LLC	15,458,900	11	0.36%	----		----
CenturyLink (Qwest Corp.)	14,691,739	12	0.34%	26,857,603	2	----
Village Park Apartments	14,650,600	13	0.34%	----		----
Price Development	----		----	15,688,500	5	0.48%
Nordstrom	----		----	14,000,000	6	0.43%
Dayton Hudson Corporation	----		----	12,600,000	8	0.38%
Lowe's (Eagle Hardware)	----		----	9,375,822	11	0.29%
BRE Property Investors LLC	----		----	9,093,088	12	0.28%
Canyon River Partnership	----		----	9,070,000	13	0.28%
Total	\$ 424,301,882		9.79%	\$ 237,944,135		7.27%

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
2004	\$ 5,418,232	\$ 4,992,684	92.15%	\$ 352,366	\$ 5,345,050
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%	555,390	7,199,883
2012	7,370,522	6,788,600	92.10%	471,144	7,259,744
2013	7,374,914	6,815,131	92.41%	427,891	7,243,022

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>
98.65%	\$ 73,182	1.35%
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%
98.61%	101,760	1.39%
98.50%	110,778	1.50%
98.21%	131,892	1.79%

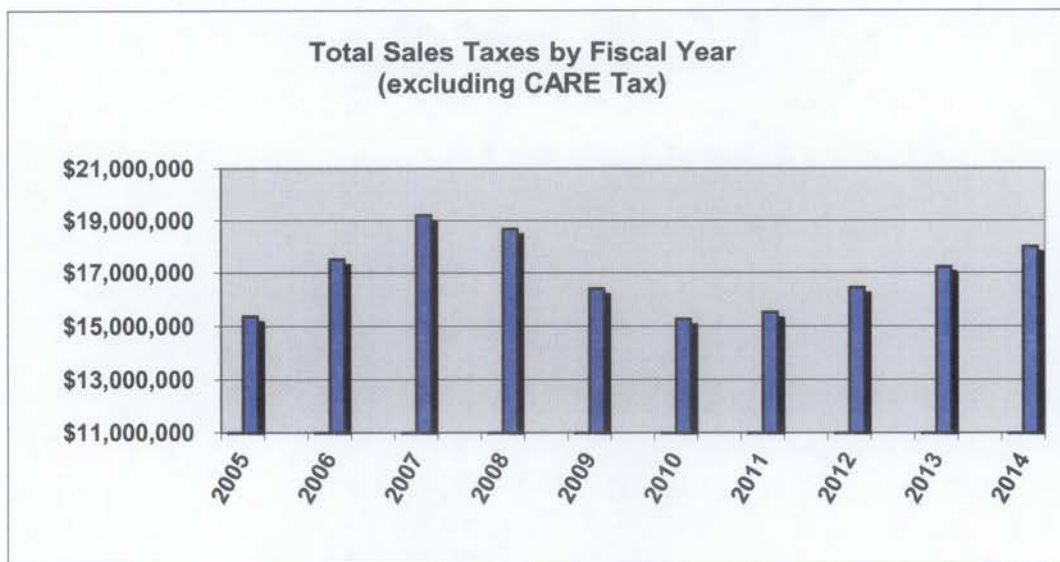
City of Orem
Sales Taxes by Category
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2005	2006	2007	2008
General Merchandise and Groceries	\$ 4,326,371	\$ 4,583,315	\$ 4,449,949	\$ 4,598,711
Building Materials, Hardware, and Tools	2,374,234	3,113,143	3,523,720	2,922,582
Auto Dealers, Supplies, and Accessories	2,062,928	2,400,102	2,620,381	2,603,405
Home Furnishings, Appliances, & Electronics	1,983,027	2,176,207	2,085,481	1,973,203
Eating and Drinking Establishments	1,048,781	1,092,668	1,057,380	1,045,771
Clothing, Apparel, and Accessories	851,206	901,081	1,332,725	1,516,201
Professional Equipment and Supplies	782,075	838,456	904,339	974,911
Arts, Crafts, and Specialty Items	560,885	574,746	588,905	454,428
Amusement and Recreation	550,779	516,686	618,918	576,829
All Other Categories	833,404	1,313,806	2,034,389	2,018,648
Subtotal - City Direct	15,373,690	17,510,210	19,216,187	18,684,689
Cultural Arts & Recreation Enhancement (CARE)	-	497,933	2,114,103	1,932,202
Total City Direct Sales Taxes	<u>\$ 15,373,690</u>	<u>\$ 18,008,143</u>	<u>\$ 21,330,290</u>	<u>\$ 20,616,891</u>
Total City Direct Sales Tax Rate ¹	1.00%	1.00%	1.10%	1.10%
% Increase (Decrease) from prior year	9.09%	17.14%	18.45%	-3.34%
% Increase (Decrease) from prior year, excluding CARE Tax amounts	9.09%	13.90%	9.74%	-2.77%

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

¹ See sales tax rate breakdown on page 146 for additional information regarding this rate.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,651,651	\$ 4,660,428	\$ 4,712,411	\$ 4,959,192	\$ 5,030,506	\$ 5,140,689
1,978,366	1,512,797	1,499,525	1,589,790	1,576,835	1,661,997
2,191,650	2,111,247	2,141,910	2,338,347	2,769,371	2,874,555
1,587,587	1,452,814	1,428,452	1,560,747	1,614,843	1,685,399
1,037,920	1,002,978	1,097,571	1,200,356	1,104,646	1,168,448
1,405,704	1,319,296	1,352,740	1,435,943	1,397,682	1,464,384
898,478	906,171	933,040	1,031,773	1,207,903	1,378,551
408,061	305,719	338,630	312,424	291,241	322,670
564,190	563,129	540,342	559,763	551,462	578,775
1,690,771	1,442,919	1,494,365	1,465,414	1,688,683	1,732,104
16,414,378	15,277,498	15,538,986	16,453,749	17,233,172	18,007,572
1,575,193	1,501,679	1,557,238	1,652,524	1,711,475	1,811,395
\$ 17,989,571	\$ 16,779,177	\$ 17,096,224	\$ 18,106,273	\$ 18,944,647	\$ 19,818,967
1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
-12.74%	-6.73%	1.89%	5.91%	4.63%	4.62%
-12.15%	-6.93%	1.71%	5.89%	4.74%	4.49%



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

	Fiscal Year 2014			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	641	12.01%	\$ 5,140,689	28.55%
Building Materials, Hardware, and Tools	321	6.02%	1,661,997	9.23%
Auto Dealers, Supplies, and Accessories	324	6.07%	2,874,555	15.96%
Home Furnishings, Appliances, & Electronics	256	4.80%	1,685,399	9.36%
Eating and Drinking Establishments	206	3.86%	1,168,448	6.49%
Clothing, Apparel, and Accessories	209	3.92%	1,464,384	8.13%
Professional Equipment and Supplies	1,017	19.06%	1,378,551	7.66%
Arts, Crafts, and Specialty Items	268	5.02%	322,670	1.79%
Amusement and Recreation	191	3.58%	578,775	3.21%
All Other Categories	1,903	35.66%	1,732,104	9.62%
Total	5,336	100.00%	\$ 18,007,572	100.00%

	Fiscal Year 2005			
	Number of Filers	Percentage of Total	Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	458	13.55%	\$ 4,326,371	28.14%
Building Materials, Hardware, and Tools	196	5.80%	2,374,234	15.44%
Auto Dealers, Supplies, and Accessories	281	8.32%	2,062,928	13.42%
Home Furnishings, Appliances, & Electronics	210	6.21%	1,983,027	12.90%
Eating and Drinking Establishments	205	6.07%	1,048,781	6.82%
Clothing, Apparel, and Accessories	117	3.46%	851,206	5.54%
Professional Equipment and Supplies	322	9.53%	782,075	5.09%
Arts, Crafts, and Specialty Items	260	7.69%	560,885	3.65%
Amusement and Recreation	128	3.79%	550,779	3.58%
All Other Categories	1,202	35.57%	833,404	5.42%
Total	3,379	100.00%	\$ 15,373,690	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 2014			Fiscal Year 2005		
	Sales Taxes ¹	Rank	Percentage of Total Sales Taxes ¹	Sales Taxes ¹	Rank	Percentage of Total Sales Taxes ¹
Costco Wholesale Corporation	N/A	1	N/A	N/A	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	----		----
Pacificorp (Utah Power & Light)	N/A	5	N/A	N/A	7	N/A
U.S. Synthetic Corporation	N/A	6	N/A	----		----
RC Willey Home Furnishings	N/A	7	N/A	N/A	3	N/A
Doterra	N/A	8	N/A	----		----
Winco Foods	N/A	9	N/A	----		----
Garff Warner Nissan of Orem	N/A	10	N/A	----		----
Ken Garff Motors	N/A	11	N/A	----		----
Ken Garff Honda of Orem	N/A	12	N/A	----		----
Legacy Mazda of Orem	----		----	N/A	5	N/A
Mountainland Supply Company	----		----	N/A	6	N/A
Lowe's (Eagle) Hardware	----		----	N/A	8	N/A
Macey's, Inc.	----		----	N/A	9	N/A
BMC Holdings Inc.	----		----	N/A	10	N/A
Stock Building Supply	----		----	N/A	11	N/A
Questar Gas Company	----		----	N/A	12	N/A
Total	\$ 5,545,812		30.80%	\$ 4,761,832		30.97%

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
2005	1.00%	--	1.00%	0.25%	--	--	4.75%	0.25%	6.25%
2006	1.00	0.10	1.10	0.25	--	--	4.75	0.25	6.35
2007	1.00	0.10	1.10	0.25	0.25	--	4.75	0.25	6.60
2008	1.00	0.10	1.10	0.25	0.30	--	4.65	0.25	6.55
2009	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2010	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2011	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
2012	1.00	0.10	1.10	0.25	0.30	0.25	4.70	0.25	6.85
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

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.

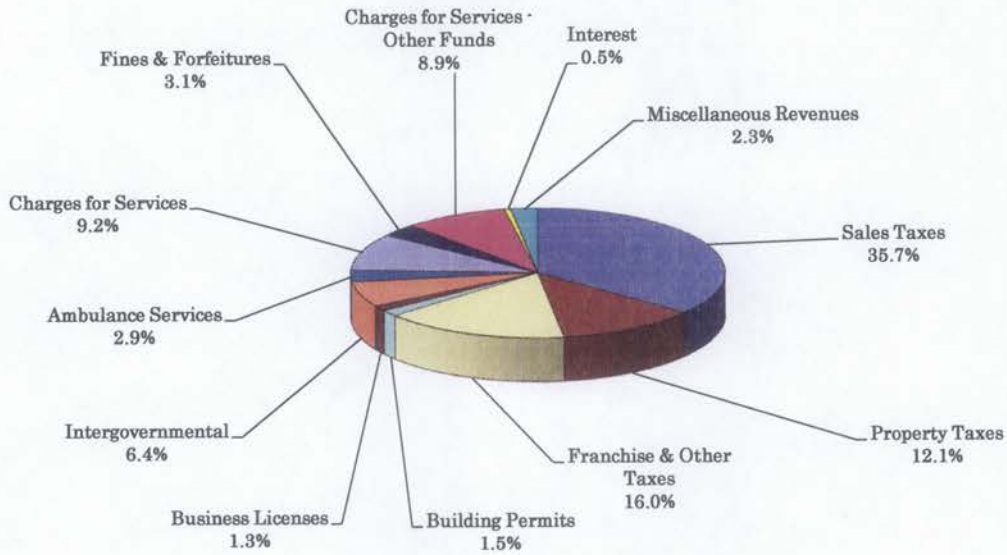
² This additional sales tax rate was voted on by the citizens of Utah County and went into effect on April 1, 2007. The additional tax is to be used to fund highways, fixed guideways, or systems for public transit.

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.

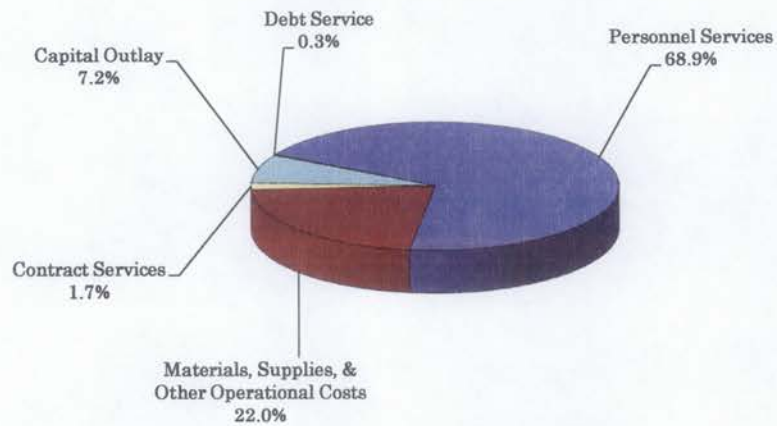
⁴ The total sales tax rate for non-prepared food and food ingredients was set at 3.00% statewide (1.00% City Direct Rate, 0.25% County Direct Rate, and 1.75% State Direct Rate) and went into effect on January 1, 2008.

City of Orem
 General Fund - Revenues and Expenditures
 For The Year Ended June 30, 2014
 (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	Excise Tax Revenue Bonds	Sales Tax Revenue Bonds	Franchise Tax Revenue Bonds	Lease Revenue Bonds
2005	\$ 17,225,000	\$ 187,797	\$ 4,735,000	\$ 452,000	\$ 11,285,000	\$ -	\$ 10,140,000
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
2009	18,825,000	379,497	6,338,000	-	9,405,000	-	6,222,000
2010	17,665,000	349,032	5,806,000	-	8,790,000	4,375,000	380,000
2011	16,460,000	318,566	7,229,000	-	8,115,000	3,875,000	-
2012	15,210,000	288,101	5,925,000	-	7,434,000	3,375,000	-
2013	13,900,000	257,636	5,444,000	-	6,688,000	2,850,000	-
2014	12,550,000	227,170	4,446,000	-	5,848,000	2,300,000	-

Business-type Activities					
Fiscal Year	Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Revenue Bonds Issuance Premiums	Capital Leases	Total Business-type Activities
2005	\$ 2,048,000	\$ 17,440,000	\$ 762,296	\$ -	\$ 20,250,296
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

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

Governmental Activities

Revenue			Total
Bonds			Governmental
Issuance	Notes	Capital	Activities
Premiums	Payable	Leases	Activities
\$ -	\$ 765,119	\$ 152,999	\$ 44,942,915
-	3,597,449	243,896	49,325,563
-	6,396,631	124,186	49,516,293
161,828	7,476,274	140,400	48,022,236
150,887	3,691,403	81,166	45,092,953
558,906	2,964,498	43,447	40,931,883
493,615	1,339,146	82,497	37,912,824
428,323	1,268,313	576,512	34,505,249
363,031	1,199,599	478,299	31,180,565
297,740	1,122,977	396,436	27,188,323

Total Primary Government

Total	Percentage	Direct
Primary	of	City Debt
Government	Personal	Per
Government	Income	Capita
\$ 65,193,211	4.71%	\$751
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	3.40	667

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
2005	86,802	\$ 3,274,746,940	\$ 22,147,797	\$ 441,821	\$ 21,705,976	0.66%	\$250
2006	87,399	3,309,521,510	25,504,218	604,104	24,900,114	0.65	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

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, 2014
(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	\$ 26,846,653	100.0000%	\$ 26,846,653
Overlapping Debt:			
Alpine School District	412,085,000	26.6787%	109,938,887
Utah County	-	16.4436%	-
Central Utah Water Conservancy District	257,522,075	3.8009%	9,788,111
Total Overlapping Debt	669,607,075		119,726,998
Total Direct and Overlapping Debt	\$ 696,453,728		\$ 146,573,651
Total Direct and Overlapping Debt Per Capita			\$ 1,626

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			
	2005	2006	2007	2008
<u>General Purposes (4%)</u>				
Debt Limit	\$ 194,931,552	\$ 197,608,390	\$ 211,408,327	\$ 269,165,352
Total Net Debt Applicable to Limit	(16,783,179)	(21,390,896)	(20,379,337)	(19,304,010)
Legal Debt Margin	<u>\$ 178,148,373</u>	<u>\$ 176,217,494</u>	<u>\$ 191,028,990</u>	<u>\$ 249,861,342</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	8.61%	10.82%	9.64%	7.17%
<u>Water, Sewer, & Lighting (4%)</u>				
Debt Limit	\$ 194,931,552	\$ 197,608,390	\$ 211,408,327	\$ 269,165,352
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 194,931,552</u>	<u>\$ 197,608,390</u>	<u>\$ 211,408,327</u>	<u>\$ 269,165,352</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	\$ 389,863,104	\$ 395,216,780	\$ 422,816,654	\$ 538,330,704
Total Net Debt Applicable to Limit	(16,783,179)	(21,390,896)	(20,379,337)	(19,304,010)
Legal Debt Margin	<u>\$ 373,079,925</u>	<u>\$ 373,825,884</u>	<u>\$ 402,437,317</u>	<u>\$ 519,026,694</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	4.30%	5.41%	4.82%	3.59%

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					
2009	2010	2011	2012	2013	2014
\$ 281,859,970	\$ 268,525,490	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324	\$ 251,140,417
(15,546,423)	(15,189,045)	(16,410,701)	(13,927,831)	(12,418,290)	(15,781,433)
<u>\$ 266,313,547</u>	<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>
5.52%	5.66%	6.27%	5.60%	5.09%	6.28%
\$ 281,859,970	\$ 268,525,490	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324	\$ 251,140,417
-	-	-	-	-	-
<u>\$ 281,859,970</u>	<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>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 563,719,940	\$ 537,050,980	\$ 523,634,864	\$ 497,659,662	\$ 488,250,648	\$ 502,280,834
(15,546,423)	(15,189,045)	(16,410,701)	(13,927,831)	(12,418,290)	(15,781,433)
<u>\$ 548,173,517</u>	<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>
2.76%	2.83%	3.13%	2.80%	2.54%	3.14%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Valuations:

Taxable Value	<u>\$ 4,333,955,495</u>
Estimated Market Value	<u>\$ 6,278,510,424</u>

Legal Debt Margin:

Debt Limitation - 8% of Estimated Market Value ¹	\$ 502,280,834
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (17,223,170)
Less:	
Assets in Debt Service Funds Available for payment of Principal ²	<u>1,441,737</u>
Total Debt Applicable to Limitation	<u>(15,781,433)</u>
Legal Debt Margin	<u>\$ 486,499,401</u>

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

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

Franchise Tax Revenue Bonds				
Fiscal Year	Franchise Taxes	Debt Service		Coverage
		Principal	Interest	
2005	\$ -	\$ -	\$ -	0.00
2006	-	-	-	0.00
2007	-	-	-	0.00
2008	-	-	-	0.00
2009	-	-	-	0.00
2010	7,643,257	-	-	0.00
2011	7,301,384	500,000	178,378	0.00
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

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

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

Water & Storm Sewer Revenue Bonds					
Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ -	\$ -	\$ -	\$ -	\$ -	0.00
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

Water Quality Revenue Bonds					
Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
\$ 4,762,198	\$ 4,272,036	\$ 490,162	\$ 163,000	\$ 83,300	1.99
4,481,980	4,264,174	217,806	169,000	77,595	0.88
5,341,595	4,415,907	925,688	174,243	71,675	3.76
5,678,134	4,572,648	1,105,486	181,000	65,590	4.48
5,682,018	4,864,370	817,648	187,000	59,247	3.32
5,773,255	4,964,995	808,260	194,000	52,702	3.28
5,857,655	4,905,989	951,666	200,000	45,912	3.87
6,201,588	4,872,165	1,329,423	207,000	35,893	5.47
6,380,841	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

City of Orem
 Long-term Bonded Indebtedness Paid By Primary Government
 Schedule of Bonded Indebtedness
 June 30, 2014
 (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
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 06/30/14	Retired Year Ended 06/30/14	Expense Year Ended 06/30/14	Payable In Future Years
\$ 3,975,000	\$ 1,330,000	\$ 410,000	\$ 60,250	\$ 78,325
\$ 8,985,000	5,920,000	400,000	290,759	1,710,827
\$ 5,515,000	3,730,000	265,000	161,716	974,004
\$ 2,865,000	1,570,000	275,000	69,525	176,212
	<u>12,550,000</u>	<u>1,350,000</u>	<u>582,250</u>	<u>2,939,368</u>
\$ 3,680,000	415,000	190,000	30,250	31,500
\$ 3,943,000	2,881,000	193,000	113,109	986,870
\$ 1,915,000	1,150,000	615,000	136,788	659,525
	<u>4,446,000</u>	<u>998,000</u>	<u>280,147</u>	<u>1,677,895</u>
\$ 5,720,000	5,570,000	25,000	240,274	904,864
\$ 4,375,000	2,300,000	550,000	133,219	268,281
\$ 1,814,000	278,000	815,000	16,395	4,170
	<u>8,148,000</u>	<u>1,390,000</u>	<u>389,888</u>	<u>1,177,315</u>
	<u>25,144,000</u>	<u>3,738,000</u>	<u>1,252,285</u>	<u>5,794,578</u>
\$ 3,500,000	237,757	230,000	16,372	8,330
\$ 17,390,000	1,555,000	11,430,000	341,275	63,300
\$ 3,000,000	1,904,000	144,000	30,310	188,093
\$ 5,590,000	5,275,000	75,000	271,063	3,390,786
\$ 11,889,000	10,701,000	594,000	-	-
\$ 12,801,000	12,801,000	-	50,149	1,928,744
	<u>32,473,757</u>	<u>12,473,000</u>	<u>709,169</u>	<u>5,579,253</u>
	<u>32,473,757</u>	<u>12,473,000</u>	<u>709,169</u>	<u>5,579,253</u>
	<u>\$ 57,617,757</u>	<u>\$ 16,211,000</u>	<u>\$ 1,961,454</u>	<u>\$ 11,373,831</u>

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

	Fiscal Year		
	2012	2013	2014
Governmental Activities:			
Compensated Absences	\$ 2,000,269	\$ 1,753,381	\$ 1,828,609
Claims and Judgments	1,218,549	980,984	925,366
Other Post-employment Benefits (OPEB)	126,495	825,626	1,350,884
Total Governmental Activities	3,345,313	3,559,991	4,104,859
Business-type Activities:			
Compensated Absences	246,785	230,542	237,884
Total Business-type Activities	246,785	230,542	237,884
Primary Government:			
Compensated Absences	2,247,054	1,983,923	2,066,493
Claims and Judgments	1,218,549	980,984	925,366
Other Post-employment Benefits (OPEB)	126,495	825,626	1,350,884
Total Primary Government	\$ 3,592,098	\$ 3,790,533	\$ 4,342,743

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

Fiscal Year	Population ¹	Households ²	Personal Income	Per	Per
				Capita Personal Income ²	Household Personal Income
2005	86,802	24,630	\$ 1,383,537,078	\$ 15,939	\$ 56,173
2006	87,399	24,504	1,491,463,935	17,065	60,866
2007	87,662	24,026	1,634,896,300	18,650	68,047
2008	88,073	25,363	1,646,524,735	18,695	64,918
2009	88,196	25,440	1,601,021,988	18,153	62,933
2010	88,256	25,517	1,487,996,160	16,860	58,314
2011	88,697	26,970	1,495,165,329	16,857	55,438
2012	89,279	27,533	1,559,347,014	17,466	56,636
2013	89,584	27,515	1,738,556,688	19,407	63,186
2014	90,154	27,545	1,767,114,865	19,601	64,154

Fiscal Year	Median Age	Unemployment Rate	K-12	UVU
			Student Population ³	FTE Student Population ⁴
2005	26.1	4.70%	17,207	16,339
2006	26.4	3.10	16,630	16,081
2007	26.6	2.80	16,599	15,668
2008	26.6	3.70	16,521	16,135
2009	26.7	6.00	16,398	17,910
2010	26.7	8.00	16,112	19,670
2011	26.2	8.50	16,304	21,825
2012	26.3	6.40	16,359	22,448
2013	26.3	5.30	16,437	21,617
2014	26.4	3.90	16,275	20,697

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 2014			Fiscal Year 2005		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	2,403	1	7.47%	1,856	1	5.48%
Alpine School District	1,302	2	4.05%	1,469	2	4.33%
U.S. Synthetic Corporation	796	3	2.47%	----		----
Convergys Corporation	590	4	1.83%	500	7	1.48%
City of Orem	517	5	1.61%	520	6	1.53%
Xactware Solutions, Inc.	507	6	1.58%	----		----
Timpanogos Regional Hospital	478	7	1.49%	375	8	1.11%
Clearlink Technologies, LLC	425	8	1.32%	----		----
Wal-Mart	380	9	1.18%	575	5	1.70%
K-Tec, Inc.	323	10	1.00%	----		----
Western Wats Center	----		----	700	3	2.07%
Geneva Rock Products	----		----	600	4	1.77%
Phone Directories Company	----		----	320	9	0.94%
Mity-Lite Inc.	----		----	315	10	0.93%
Total	<u>7,721</u>		<u>23.99%</u>	<u>7,230</u>		<u>21.33%</u>

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

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

	Fiscal Year			
	2005	2006	2007	2008
General Government	138	130	119	124
Public Safety:				
Police Protection	118	134	137	141
Fire Protection	55	56	54	59
Highways and Public Improvements	4	5	2	3
Parks and Recreation:				
Parks and Recreation	33	31	34	36
Library	54	54	50	53
Cemetery	5	5	5	6
Economic and Physical Development	2	2	1	1
Water	24	23	24	26
Water Reclamation	31	29	29	31
Storm Sewer	9	9	8	11
Recreation	45	45	49	48
Street Lighting	2	2	1	2
Total	520	525	513	541

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					
2009	2010	2011	2012	2013	2014
115	107	115	110	102	107
143	141	140	136	131	130
71	69	70	70	65	68
2	2	1	0	0	0
39	35	36	36	29	35
54	51	50	43	45	45
6	5	5	5	5	5
2	2	2	3	4	4
30	28	26	27	26	27
31	28	30	30	29	30
11	11	10	10	10	11
50	50	56	49	53	53
3	3	3	2	2	2
557	532	544	521	501	517

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Government:					
Building Permits Issued	1,083	1,149	1,166	1,242	784
Public Safety:					
Police Protection:					
Physical Arrests	8,145	8,495	6,599	6,454	6,215
Traffic Citations	11,394	11,190	13,937	14,238	16,128
Fire Protection:					
Emergency Responses	2,500	2,338	5,476	4,650	4,350
Ambulance Transports	2,761	3,145	3,026	3,246	2,780
Other Public Safety Services:					
Emergency Dispatch Calls	32,078	34,433	37,081	38,043	40,187
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	4,048	4,500	4,300	4,290	4,615
Concrete Used - Sidewalks (Yards)	1,089	1,100	1,200	1,443	1,344
Parks and Recreation:					
Recreation Programs Participants	13,230	13,338	13,365	14,059	15,054
Library - Volumes in Collection (approx.)	280,000	284,573	289,742	297,067	295,029
Cemetery - Interments	250	289	290	303	266
Economic and Physical Development:					
Public Service Organizations Assisted	14	14	14	13	15
Housing Rehab Loans/Grants Added	15	8	7	7	7
Major Project Improvements Completed	1	1	0	1	1
Water:					
Number of Consumers	20,240	21,228	21,153	21,197	21,543
Average Daily Consumption (MGD)	21.2	23.5	23.7	25.0	23.0
Water Reclamation:					
Number of Service Connections	20,107	20,314	20,616	20,678	20,678
Average Daily Treated (MGD)	8.4	8.5	8.5	8.5	8.5
Storm Sewer:					
Number of Sumps Added	25	22	22	24	8
New Infrastructure (Feet)	4,000	4,500	6,872	12,144	7,669
Recreation:					
Fitness Center Admissions	486,022	478,630	472,168	442,281	359,844
Fitness Center Class Participants	6,348	5,403	5,988	5,515	4,923
Scera Park Pool Admissions	35,037	41,280	37,500	34,468	47,778
Scera Park Pool Class Participants	2,123	2,446	2,133	2,461	2,455
Solid Waste:					
Annual Waste Tonnage	30,209	27,193	26,586	26,566	26,924
Avg Annual Waste per Household (Tons)	1.72	1.51	1.46	1.45	1.45
Street Lighting:					
Number of Street Lights Added	233	230	171	149	75

Source: Various city departments

Fiscal Year				
2010	2011	2012	2013	2014
837	945	899	817	1,064
5,538	5,439	6,016	4,338	3,335
9,762	15,009	10,042	16,042	18,116
5,230	6,556	7,628	9,058	8,105
2,514	2,500	2,320	2,434	2,459
41,253	39,443	39,405	37,867	24,906
5,047	5,903	5,965	5,287	4,725
1,164	1,134	1,020	796	821
17,331	16,790	16,700	12,276	12,984
297,376	313,001	320,703	326,253	329,204
267	297	294	252	322
16	14	16	16	16
9	14	11	6	6
0	1	1	1	0
21,626	21,807	21,965	22,107	22,176
23.3	24.2	26.7	26.9	24.7
20,678	20,678	21,088	21,226	23,232
8.2	8.2	8.2	7.9	7.9
17	0	8	4	3
13,727	0	40,656	29,040	0
367,941	378,543	384,895	369,068	353,657
4,466	4,231	3,926	4,236	5,051
48,045	46,999	43,183	39,545	39,286
1,848	1,768	1,661	3,180	2,912
25,631	25,436	24,832	26,527	28,503
1.37	1.44	1.25	1.39	1.36
67	93	88	1	29

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Government:					
Vehicles	177	191	170	176	175
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	106	108	111	121	116
Fire Protection:					
Stations	3	3	3	3	4
Vehicles	25	23	24	26	27
Highways and Public Improvements:					
Streets (miles)	233	235	238	239	241
Traffic Signals	25	25	26	26	32
Parks and Recreation:					
Parks	20	20	20	22	22
Parks Acreage	277	277	287	333	333
Playgrounds	18	18	18	18	18
Walking/Jogging Trails (miles)	33.0	33.0	33.0	35.5	35.5
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	345	345	345	349	349
Wells	8	8	8	8	8
Storage Capacity (thousands of gallons)	12,440	12,440	22,440	22,440	22,440
Water Reclamation:					
Sewer Lines (miles)	272	272	275	280	280
Treatment Capacity (MGD)	12.3	12.3	12.3	12.3	12.3
Storm Sewer:					
Storm Sewer Lines (miles)	64.6	64.6	65.9	68.2	69.8
Sumps	1,677	1,688	1,699	1,711	1,715
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	4,340	4,570	4,741	4,890	4,926

Source: Various city departments

Fiscal Year				
2010	2011	2012	2013	2014
169	171	170	165	172
1	1	1	1	1
111	115	113	122	107
4	4	4	4	4
27	29	29	30	28
241	241	241	241	242
32	34	34	34	34
22	22	22	22	25
333	333	350	350	363
18	18	18	18	18
35.5	35.5	40.0	40.0	40.0
1	1	1	1	1
1	1	1	1	1
351	351	351	374	374
8	8	9	9	9
22,440	22,440	22,440	22,440	22,440
280	280	281	286	288
12.3	12.3	13.5	13.5	13.5
70.8	70.8	78.5	84.0	84.0
1,732	1,732	1,783	1,755	1,759
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
18	18	18	18	18
4,993	5,086	5,174	5,175	5,204

(This page left blank intentionally)

