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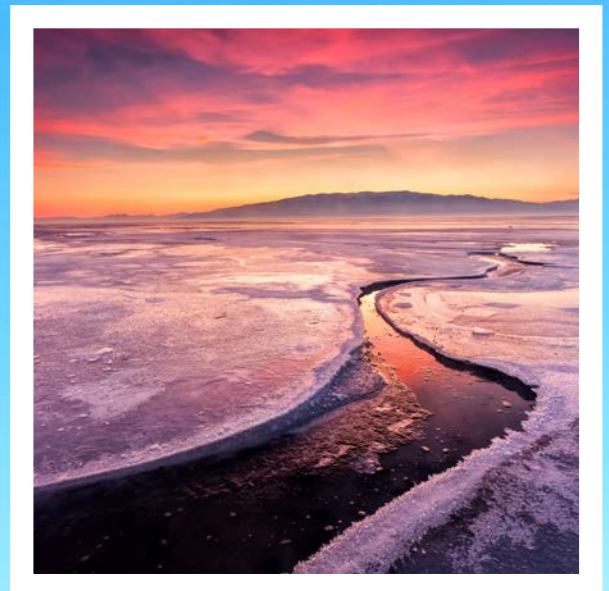
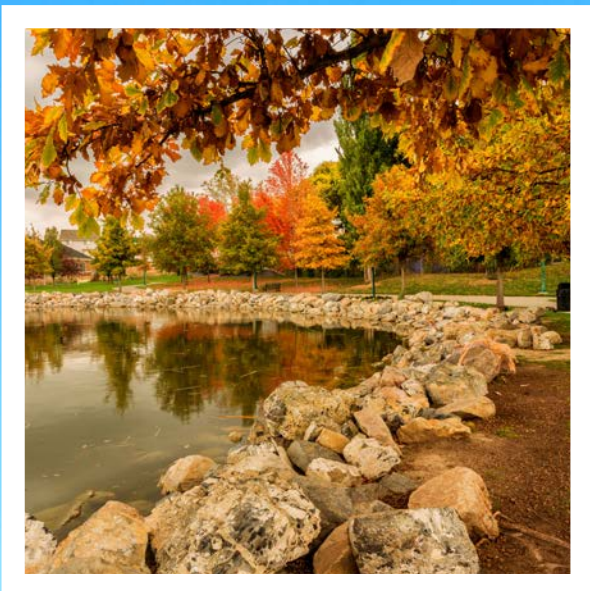
STATE  
OF  
UTAH



# CITY OF OREM

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2022



# CITY OF OREM

STATE OF UTAH

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE  
YEAR ENDED JUNE 30, 2022

Prepared by:  
City of Orem, Finance Department  
Brandon C. Nelson, CPA, Finance Director

**City of Orem, Utah**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2022**

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# **INTRODUCTORY SECTION**



December 13, 2022

**To:** Mayor and City Council

**Subject:** Annual Comprehensive Financial Report

In our ongoing efforts to provide more comprehensive financial information regarding the City, the Finance Department has now completed its thirty-fifth Annual Comprehensive Financial Report (ACFR).

The report contains critical financial information regarding the city's activities over the past fiscal year. The report of Larson & Company, PC, resulting from their annual independent audit is included as a part of this annual report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with city management.

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

The city concluded the year ended June 30, 2022, in sound financial condition. The following is an overview of the city's financial condition.

#### Operating Revenues

General Fund sales tax revenues grew 14% in Fiscal Year 2022. Sales taxes continue to be the city's single largest revenue source. Water rates were decreased and sewer rates were not increased as the City Council decided to move forward with a plan to use of debt for those large capital projects that are generational in nature rather than continuing to use only a cash funding model. Thus, water revenues declined significantly due to the usage rate decreases and billable use due to water conservation related to the severe drought being experienced in the west. Sewer revenues increased despite no increase in rates as usage increased in comparison to the prior fiscal year.

Recreation Fund revenues have seen a dramatic increase as the reconstructed fitness center was finally completed and opened to the public in March 2021. It has been well received by the public and has been performing well since its reopening with a 171% increase in revenue over the prior fiscal year and an increase of 95% over the last full fiscal year of operations before reconstruction began.

The city was awarded \$16,087,350 in federal American Rescue Plan Act (ARPA) funding from the U.S. Treasury Department in FY 2021. The city will be using these funds to improve city operations and facilities to provide a safer environment for individuals, customers, and citizens visiting city facilities, while also providing employees with the tools necessary to

continue to do their jobs in an effective, efficient, and safe manner. A large portion of these funds will be used to complete a new city park located in an underserved low-income area of the city.

### Expenditures

The city allocated \$5,725,000 from General Fund reserves for general capital improvement projects. This was made possible by the city's steady economy resulting in revenue growth coupled with one-time building permit funds for one-time uses along with the city's policy of setting its available General Fund reserves at 15% of revenues.

The city's infrastructure is in a stable condition. In the last year, the city has initiated and/or completed several significant capital improvement projects. These projects include:

- Continued street maintenance plans of systematic preventative maintenance such as crack seals, seal coats, micro-surfacing, and overlays.
- Replacement of old four- inch (4") water lines.
- Began preparations for construction of Hillcrest Park.
- Began construction of a 10-million-gallon culinary water storage tank.
- Continued deployment of automated water meter reading infrastructure.
- Began design and costing efforts for a new Orem City Center building.

Additional capital and operational funding is needed for:


- Expansion of the city's storm water system (e.g. West Union Canal abandonment).
- Completion of a water reuse system for irrigation at city facilities.
- Continued preventative road and sidewalk maintenance.
- Improving transportation in the city through street improvements, mixed-use trails, bike paths, and mass transit.
- Construction of a new Orem City Center building.

While many of these needs will be funded over the next several years through structured fee increases, many of these projects and issues rely on one-time monies, such as unanticipated revenues, grants, and other resources.

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the dedicated efforts of many individuals. In particular, the efforts of the Finance Department staff who continue to upgrade and improve the city's accounting and financial reporting systems improving the quality of information being reported to you, state oversight boards, and the citizens of the City of Orem.

If you have questions regarding this Annual Comprehensive Financial Report, please feel free to discuss them with Finance Director Brandon Nelson or myself.

Respectfully Submitted,



James P. Davidson  
City Manager





December 13, 2022

James P. Davidson  
City Manager

City of Orem, Utah

The State of Utah requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as prescribed in the Uniform Accounting Manual for Utah Cities and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This Annual Comprehensive Financial Report (ACFR) of the City of Orem, Utah for the fiscal year ended June 30, 2022, 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.

Larson & Company, PC, a firm of licensed certified public accountants have audited the City of Orem's financial records. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Orem for the fiscal year ended June 30, 2022, 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 unmodified opinion that the City of Orem's

financial statements for the fiscal year ended June 30, 2022, 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 (see pages 13-16).

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.

### **Government Profile**

The City of Orem is located in north central Utah and is currently the fifth largest city in the state with a 2020 census population of 98,129 and an estimated population at June 30, 2022, of 99,195. Orem is located 45 miles south of Salt Lake City.

City operations include public safety (police and fire), economic development, administration, recreation, library, water, sewer, storm water, traffic and streets, solid waste, and street lighting.

The City of Orem has a Manager/Council form of government which allows for a full-time City Manager and a part-time Mayor. The City Council consists of the Mayor and six Council members who are all elected "at large" and while the Mayor leads the City Council, all members have only one vote. The Mayor and Council members serve staggered four-year terms on a part-time basis. Elections in the City of Orem are non-partisan.

The City Manager must submit a proposed annual budget to the City Council for all funds no later than the first regularly scheduled meeting in May. The final adoption must be no later than June 22<sup>nd</sup>, unless a property tax increase is proposed. If a property tax is proposed, adoption must occur no later than August 31<sup>st</sup>. The City Council is the administrator of the legal level of budgetary control. Additional information can be found on pages 65-66.

### **Economic Condition and Outlook**

The City is constantly involved in driving economic development. The primary area of economic development has centered around University Place. University Place is in the midst of a transformation from the traditional "mall" concept. Currently, one large retail/office building has been constructed along with underground parking, a new above ground parking structure with attached upscale apartments, addition of a Dillard's department store in the demolished Macy's department store space, and a new professional business office building with an above ground parking structure. Three large upscale apartment complexes have also been completed. Remaining plans for the area include a multi-story hotel and additional upscale apartment complexes. This transformation will ensure the area continues to be a growing and vibrant economic anchor for the community.

Utah Valley University (UVU) is a major employer in the City with over 5,000 employees serving over 41,000 students. UVU is now the State's largest university and plays a pivotal role in the growth of the city.

Employment in Utah is doing extremely well. The county unemployment rate at June 30, 2022, was 2.3% compared to 2.4% for the state and 3.6% nationally (see page 34 for a historical comparison).

Sales tax revenues, the City's largest source of tax revenue, continue to grow although this is partly due to inflation. General Fund sales tax revenues have increased from FY 2012 by 93% (see pages 166-167) and have increased every year since FY 2010. The housing industry continues to be strong as building permit and associated development revenues have increased year over year, on average, since FY 2011. Although the City expects these major revenue sources to continue to grow, the pace at which they grow is expected to decrease to a more sustainable rate as economic indicators suggest there is a concern for the future economic stability of the nation and world.

### **Long-term Financial Planning & Policies**

The City remains optimistic regarding the future and is pro-actively planning its financial future through strategic plans and economic sustainability models.

All three major enterprise funds will be completing master plan updates in the year ahead as the City Council reassessed the cash funding plan being employed by the City and switched to a hybrid plan using cash for smaller capital projects and regular operations and employing debt for large multi-generational utility capital projects.

Along with the master plan updates, the City's impact fees for police, fire, transportation, parks, water, sewer, and storm water will all be analyzed and updated.

The Mayor and City Council have targeted a 15% of revenues General Fund assigned/unassigned fund balance (the State of Utah requires municipalities have at least 5% but no more than 30%). Amounts exceeding this target are transferred to the City's Capital Projects Fund to complete capital purchases/projects identified by city staff and approved by the Mayor and City Council. This allows the City to cash fund one-time capital purchases/projects as well as providing sufficient "reserves" in case of economic downturns.

### **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:

- Installation of automated water meter reading technology throughout the entire city.
- On-going preventive maintenance on City-owned streets.
- Identifying operational and facility needs related to American Rescue Plan Act (ARPA) funds to provide a safer environment for individuals, customers, citizens, and employees.
- Began construction of Hillcrest Park. The park is to be expanded from a small community park to a regional park using ARPA grant funds for the majority of its cost to construct.
- Began construction on a 10-million-gallon culinary water storage tank to provide improved water pressure and needed storage.
- Began installation of city-owned street lights in the remaining areas of the city that currently have Rocky Mountain Power owned street lights. At the completion of this project, all street lights in the city will be city-owned lights.
- Engaged an architectural firm to provide design and cost estimates for a new city center at its current location while maintaining operations during any construction period.

### For the Future

The City faces many challenges in the future. Some of the most significant are as follows:

- Construction of a new Orem City Center offices building and demolition of its existing building. The new facility will be funded entirely with available cash.
- Complete installation of the new automated water meter reading technology throughout the entire city.
- Complete construction of a new 10-million-gallon water storage tank.
- Construct a new water reuse system to use cleaned water from the City's water reclamation facility to irrigate an adjacent golf course and city owned outdoor regional sports complex and park.
- Complete the installation of city-owned street lights in all remaining unconverted areas within the city.
- Continued road and sidewalk maintenance.
- Complete expansion of the storm water system (especially for areas previously serviced by the West Union Canal which is being abandoned).
- Construction and/or renovation of existing city buildings or structures, including multiple fire stations as well as new fire station in the neighboring city of Vineyard with whom we currently have a contractual relationship with to provide fire and EMS services.
- 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the thirty-fourth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City published an easily readable and efficiently organized annual comprehensive 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 this current annual comprehensive financial report continues to conform to the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Brandon C. Nelson, CPA". The signature is written in a cursive style.

Brandon C. Nelson, CPA  
Finance Director

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**CITY OF OREM**  
**LISTING OF OFFICIALS**  
**ORGANIZED BY CLASSIFICATIONS**

**Chief Executive Officer**

City Manager ..... James P. Davidson

**Executive Staff**

Assistant City Manager ..... Brenn Bybee  
Deputy City Manager ..... Steven M. Downs  
Finance Director ..... Brandon C. Nelson  
Director of Development Services ..... Ryan L. Clark  
Director of Legal Services ..... Steven C. Earl  
Director of Library Services ..... Charlene M. Crozier  
Fire Chief ..... Marc R. Sanderson  
Police Chief ..... Josh T. Adams  
Director of Public Works ..... Chris R. Tschirki  
Director of Recreational Services ..... Bryce E. Merrill







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

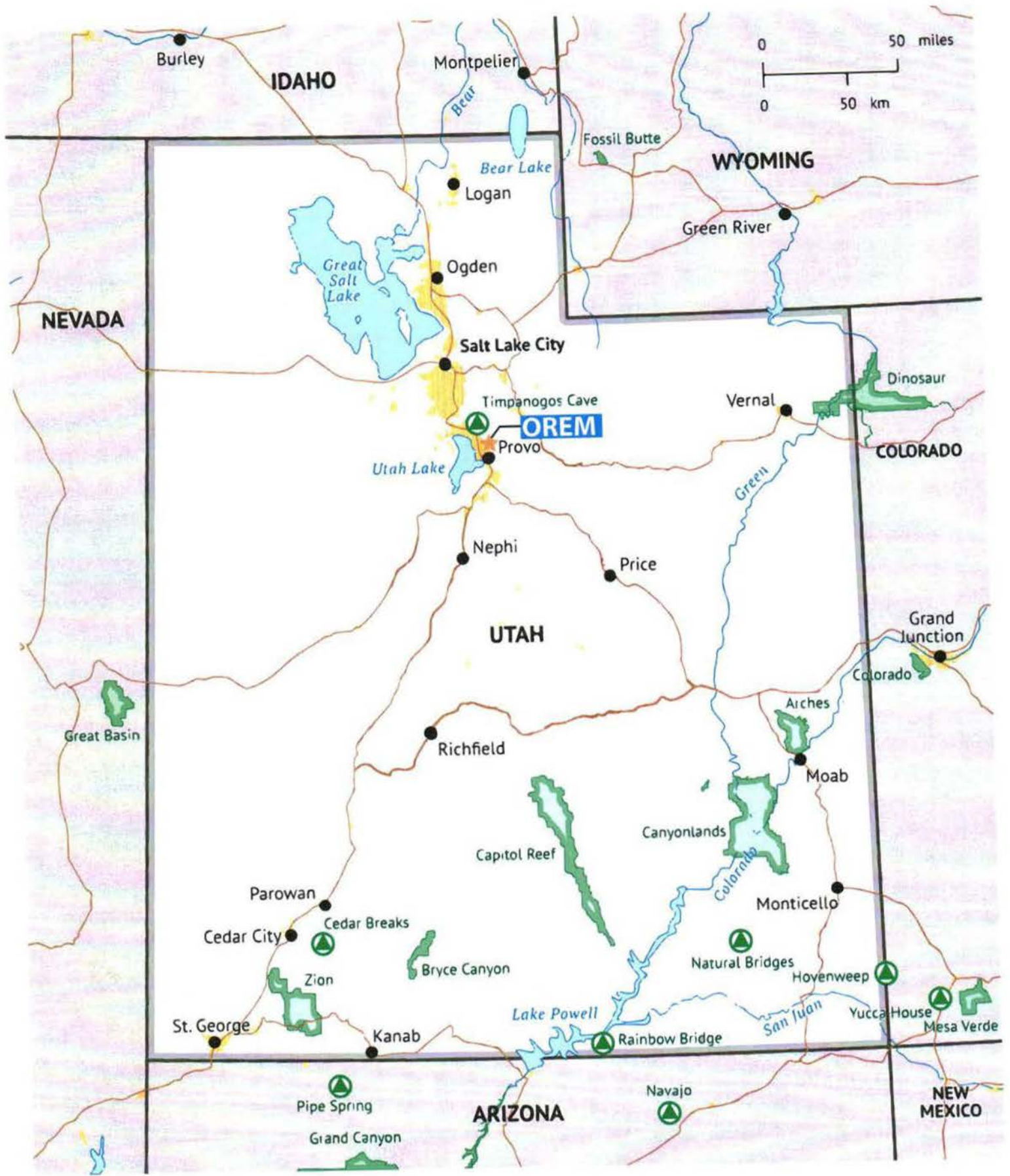
**City of Orem  
Utah**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO



# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Orem City, Utah as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Orem City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year ended June 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orem City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Orem City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orem City's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Orem City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orem City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

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

#### ***Supplementary 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

#### ***Other Information Included in the Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and the auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Larson & Company, PC***

Larson & Company, PC

Spanish Fork, Utah  
December 12, 2022

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**MD & A**



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2022**

The City of Orem's management presents this overview and analysis of its financial activities for the fiscal year ended June 30, 2022. 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 City's governmental funds reported combined ending fund balances of \$89,496,484. Of this amount, \$22,036,611 (24.62%) is available for spending at the City's discretion (unassigned fund balance). Total fund balance increased by \$13,149,044 compared to the prior year's decrease of \$4,354,924. This change is 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 \$11,511,277 compared to the prior year's increase of \$14,735,778. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- In April of 2021, the City sold \$29.3 million in water, sewer, and storm water bonds to fund the construction of a new culinary water tank, pressure booster station, two new culinary water wells, a water reuse treatment facility, a biosolids dewatering system, two sewer lift stations, various storm water conveyance projects, and various water and sewer distribution and collection infrastructure improvements. During FY 2022, the City spent just over \$8.3 million on these bond projects with over \$11.2 million spent in total as of June 30, 2022.
- General Fund sales tax revenues received in FY 2022 were \$31,788,779 which were 13.5% above the previous fiscal year. This increase was the largest year-over-year increase in at least the past twenty years.

### **Overview of the Financial Statements**

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

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

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- 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 included 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 (sewer), storm water 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 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*.

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The City maintains eleven 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 Capital Projects funds which are considered major funds of the City. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

- ***Proprietary funds.*** The City of Orem maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, water reclamation (sewer), storm water, 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, procuring and warehousing supplies and materials, maintaining the City's technological needs, and to maintain physical city facilities. 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 Water funds which are considered major funds of the City. The Recreation, Solid Waste, and Street Lighting funds are classified as nonmajor and are included in the *combining statements* within this report. Conversely, the five internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is 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.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As such, assets exceeded liabilities and deferred inflows by \$416,644,145 at June 30, 2022.

By far the largest portion of the City's net position (56.94%) is its investment in capital assets (e.g. land, buildings, improvements other than buildings, vehicles, machinery and equipment, and infrastructure assets) less any

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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	
	2022	2021	2022	2021	2022	2021
Current Assets	\$ 133,713,775	\$ 110,460,961	\$ 113,590,812	\$ 113,686,835	\$ 247,304,587	\$ 224,147,796
Noncurrent Assets:						
Capital Assets	192,213,145	192,683,852	107,183,377	98,191,510	299,396,522	290,875,362
Other	23,358,313	6,205,080	2,079,804	111,544	25,438,117	6,316,624
Total Assets	349,285,233	309,349,893	222,853,993	211,989,889	572,139,226	521,339,782
Deferred Outflows of Resources	7,237,314	7,365,016	1,229,099	966,073	8,466,413	8,331,089
Total Assets & Deferred Outflows of Resources	<u>\$ 356,522,547</u>	<u>\$ 316,714,909</u>	<u>\$ 224,083,092</u>	<u>\$ 212,955,962</u>	<u>\$ 580,605,639</u>	<u>\$ 529,670,871</u>
Long-term Liabilities						
Outstanding	\$ 41,116,734	\$ 44,873,967	\$ 52,139,498	\$ 54,818,997	\$ 93,256,232	\$ 99,692,964
Other Liabilities	29,652,736	20,517,179	5,076,115	4,542,114	34,728,851	25,059,293
Total Liabilities	70,769,470	65,391,146	57,215,613	59,361,111	127,985,083	124,752,257
Deferred Inflows of Resources	33,753,274	20,213,046	2,223,137	461,786	35,976,411	20,674,832
Net Position:						
Net Investment in						
Capital Assets	155,974,028	154,447,536	81,282,909	77,095,912	237,256,937	231,543,448
Restricted	50,206,055	31,237,909	24,942,180	21,336,596	75,148,235	52,574,505
Unrestricted	45,819,720	45,425,272	58,419,253	54,700,557	104,238,973	100,125,829
Total Net Position	251,999,803	231,110,717	164,644,342	153,133,065	416,644,145	384,243,782
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 356,522,547</u>	<u>\$ 316,714,909</u>	<u>\$ 224,083,092</u>	<u>\$ 212,955,962</u>	<u>\$ 580,605,639</u>	<u>\$ 529,670,871</u>

A portion of the City of Orem's net position (18.04%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net position (\$104,238,973) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Facilities Maintenance internal service fund was the only fund reporting a deficit in unrestricted net position. 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 \$32,400,363 (8.43%). Total revenues decreased by \$1,343,376 (0.98%), primarily due to decreases in both operating and capital grants and

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contributions of \$7,669,443 (43.73%) but mostly offset by increases in sales taxes of \$4,552,955 (13.69%). Total expenses increased \$4,373,090 (4.49%).

Details related to these changes are described later in this section of the report under governmental and business-type activities. The following is a summary of the changes in net position:

**City of Orem's Change in Net Position**

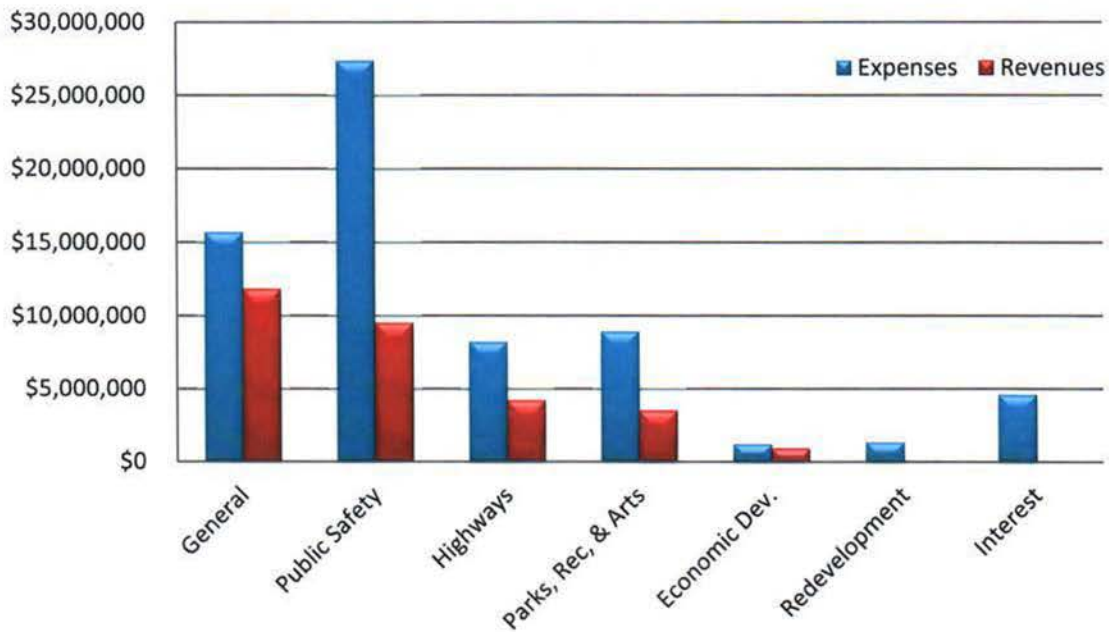
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 22,262,776	\$ 21,031,986	\$ 45,156,564	\$ 44,820,527	\$ 67,419,340	\$ 65,852,513
Operating Grants and Contributions	1,930,767	3,753,790	-	-	1,930,767	3,753,790
Capital Grants and Contributions	5,725,996	10,030,294	2,212,406	3,754,528	7,938,402	13,784,822
<b>General Revenues:</b>						
Sales Taxes	37,803,119	33,250,164	-	-	37,803,119	33,250,164
Property Taxes	10,258,353	10,598,204	-	-	10,258,353	10,598,204
Other Taxes	9,050,024	8,769,618	-	-	9,050,024	8,769,618
Other	804,619	1,090,238	930,757	379,408	1,735,376	1,469,646
Total Revenues	<u>87,835,654</u>	<u>88,524,294</u>	<u>48,299,727</u>	<u>48,954,463</u>	<u>136,135,381</u>	<u>137,478,757</u>
<b>Expenses</b>						
General Government	15,691,209	16,072,497	-	-	15,691,209	16,072,497
Public Safety	27,353,214	26,234,854	-	-	27,353,214	26,234,854
Highways and Public Improvements	8,187,834	7,296,421	-	-	8,187,834	7,296,421
Parks, Recreation & Arts	8,910,111	8,204,646	-	-	8,910,111	8,204,646
Economic and Physical Development	1,204,626	1,068,973	-	-	1,204,626	1,068,973
Redevelopment	1,334,386	1,151,383	-	-	1,334,386	1,151,383
Interest on Long-Term Debt	4,589,160	4,571,442	-	-	4,589,160	4,571,442
Water	-	-	15,541,478	14,956,163	15,541,478	14,956,163
Water Reclamation	-	-	8,309,770	7,918,906	8,309,770	7,918,906
Storm Water	-	-	3,261,027	3,016,483	3,261,027	3,016,483
Recreation	-	-	2,725,743	2,311,074	2,725,743	2,311,074
Solid Waste	-	-	4,241,603	4,227,392	4,241,603	4,227,392
Street Lighting	-	-	522,488	469,325	522,488	469,325
Total Expenses	<u>67,270,540</u>	<u>64,600,216</u>	<u>34,602,109</u>	<u>32,899,343</u>	<u>101,872,649</u>	<u>97,499,559</u>
<b>Change in Net Position before Transfers &amp; FMV Changes</b>						
Investments - FMV Change	(1,480,830)	(63,394)	(381,539)	180,458	(1,862,369)	117,064
Transfers In (Out)	1,804,802	1,499,800	(1,804,802)	(1,499,800)	-	-
Change in Net Position	<u>20,889,086</u>	<u>25,360,484</u>	<u>11,511,277</u>	<u>14,735,778</u>	<u>32,400,363</u>	<u>40,096,262</u>
Net Position - Beginning	231,110,717	205,750,233	153,133,065	138,397,287	384,243,782	344,147,520
Net Position - Ending	<u>\$ 251,999,803</u>	<u>\$ 231,110,717</u>	<u>\$ 164,644,342</u>	<u>\$ 153,133,065</u>	<u>\$ 416,644,145</u>	<u>\$ 384,243,782</u>

**Governmental activities.** Governmental activities increased the City of Orem's net position \$20,889,086 (9.04%). This is a decrease of \$4,471,398 from the prior year. Total revenues decreased \$688,640 (0.78%). Sales tax revenues increased \$4,552,955 (13.69%) while operating grants and contributions decreased \$1,823,023 (48.56%) and capital grants and contributions decreased \$4,304,298 (42.91%). Total expenses increased \$2,670,324 (4.13%).

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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 \$57,916,115 because these revenues are not specific to a particular department.

**Program Expenses & Revenues - Governmental Activities  
For Fiscal Year Ending June 30, 2022**



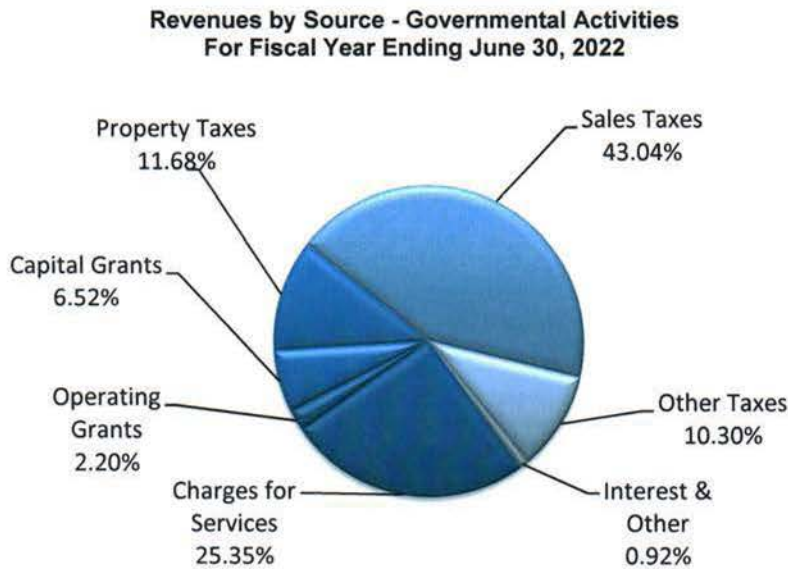
Key elements affecting the change in governmental activities net position are as follows:

- Total revenues decreased \$688,640 (0.78%).
- Capital grants and contributions decreased \$4,304,298 (42.91%). The decrease occurred due to receiving a \$300,000 grant from Utah County and a \$477,000 grant from the State of Utah, and a donation of property from Orem Community Hospital valued at \$3,760,000 in the prior fiscal year but no such grants or donations in the current fiscal year.
- Operating grants and contributions decreased \$1,823,023 (48.56%). The decrease was due to receiving \$2,117,690 in CARES Act CRF funds from Utah County as part of the COVID-19 pandemic relief in the prior fiscal year but the City received no funding in the current fiscal year.
- General revenues increased \$4,207,891 (7.83%). The increase was due, in large part, to sales tax revenues increasing by \$4,552,955 (13.69%). The benefits of having a strong retail base continue to be evident as local sales tax revenues continued to be strong. However, some of this

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- increase is undoubtedly related to high inflation rates during the latter part of the fiscal year.
- Total expenses increased by \$2,670,324 (4.13%).
  - Lawsuit settlement costs increased by approximately \$1,019,000. This increase was primarily related to the Northgate Village lawsuit which revolved around property cleanup costs at the City's old public works facility location which was sold to a developer a number of years ago.
  - Various materials, supplies and contracted service costs increased by approximately \$1,379,000 as city departments returned to normal spending following the COVID-19 pandemic as well as inflationary and supply shortage cost increases when compared to the prior fiscal year.

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.

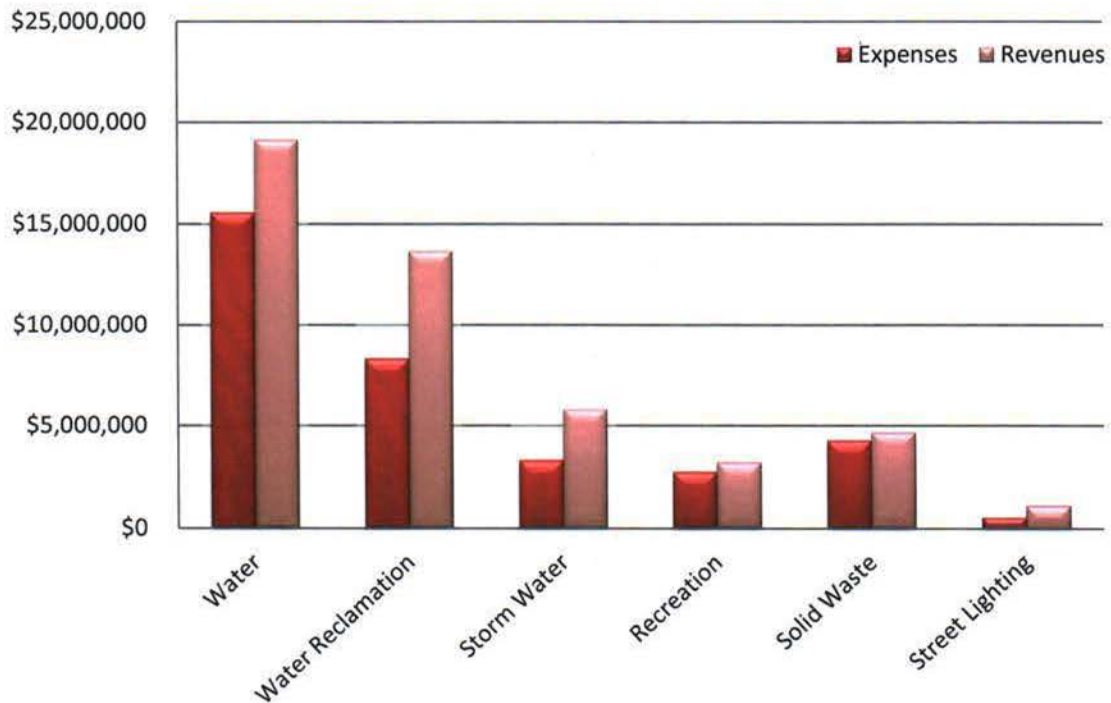


**Business-type activities.** Business-type activities increased the City's net position by \$11,511,277. The increase in net position represents a 7.52% increase for the current year. Total revenues decreased \$654,736 (1.34%) and total expenses increased \$1,702,766 (5.18%). As of the end of the current fiscal year, all of the City's business-type activities reported a positive net position.

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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, 2022**



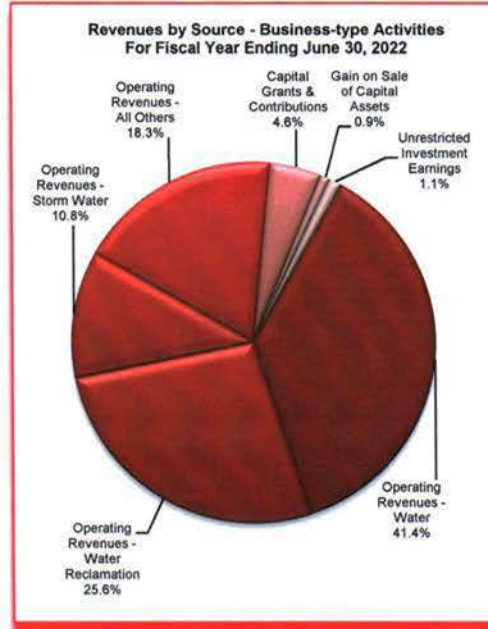
Key elements affecting the change in business-type activities net position are as follows:

- Business-type activities reported a decrease in total revenues over the prior year of \$654,736 (1.34%). Total revenues increased or decreased as follows:



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- Water fund total operating revenues decreased \$2,522,784 or 12.40%. The City did not raise the base rate and actually lowered the tiered usage rates for the fiscal year as the city moved forward with the use of debt for those large capital projects that are generational in nature rather than continuing to use only a cash funding model. The result of this change in philosophy was a 15.31% decrease in the Tier 1 usage rate. This decrease along with a decrease in actual usage of 19.50% related to water conservation efforts due to severe drought conditions in the Western United States caused a decrease in charges for services revenues of \$2,865,960 or 15.28%. Other revenues increased by \$343,176. The primary reason for the increase in other revenues was a \$500,000 increase in the funds received from the Metropolitan Water District of Orem. The funds received in the current fiscal year will be used to develop a new well. No such funding occurred in the prior fiscal year.
- Water Reclamation fund total operating revenues increased \$394,449 or 3.13%. Sewer rates were also not increased in the current fiscal year. However, sewer volume increased by 4.27% which resulted in the operating revenues increase.
- Storm Water fund total operating revenues increased \$214,381 or 4.04%. The increase was due to a \$0.20 rate increase in the “equivalent service units (ESU)” rate. The rate went from \$7.60/month/ESU to \$7.80/month/ESU (2.63% increase).



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

- Business-type activities reported an increase in total expenses from the prior year of \$1,702,766 (5.18%). Total expenses increased or decreased as follows:

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- Personnel costs increased \$232,211 (3.61%). Salary and benefits costs increased due to pay raises given at the beginning of the fiscal year as well as healthcare cost increases while pension related costs remained approximately the same.
- Natural gas costs increased \$140,432 (48.36%). The increase was due primarily to a full year of operations at the City's newly reconstructed fitness center which had been closed for a large portion of the prior fiscal year.
- Contract services costs increased \$415,131 (4.23%). The increase is due, in large part, to increases in water costs to third parties for treatment, storage, conveyance or loss. These include Jordanelle reservoir, Utah Power & Light, and the Olmstead power plant.
- Interest expense increased \$799,960 (156.94%). The increase is primarily due to the first full year interest accrual for the 2021 Water, Sewer and Storm Water Bonds issued in April 2021.

### **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 fiscal year-end.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$89,496,484. Of this total amount, \$22,036,611 (24.62%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance increased from the prior year by \$3,612,102. The remaining fund balance of \$67,459,873 is "reserved" in one capacity or another indicating that it is not available for new spending because it has already been committed to pay for debt service, capital projects, 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 \$22,036,611 and total fund balance increased to \$4,974,602. 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 36.39% (prior year was 33.54%) of total General Fund expenditures, while total fund balance represents 74.49% (prior year was 73.05%) of total General Fund expenditures.

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General Fund - Total fund balance increased \$4,974,602 in the current fiscal year (the prior year had an increase of \$8,780,341). Thus, there was a negative variance from the prior year of \$3,805,739. The following elements were key factors contributing to the total fund balance increase:

- Total revenues of the fund increased \$3,578,555 (5.10%). Taxes and special assessments increased \$4,449,215 (10.31%), intergovernmental revenues decreased \$2,017,791 (28.04%), and charges for services revenues increased \$664,885 (6.94%). Details about these variances are as follows:
  - Taxes and special assessments increased primarily due to sales tax revenues increasing \$3,784,337 (13.51%). As mentioned previously, the City's strong retail base continued to do well with significant gains in the general merchandise, building materials, food establishments, arts and crafts, recreation, professional related products, and auto dealer categories.
  - Intergovernmental revenues decreased due to receiving CARES Act CRF funds from Utah County in the prior fiscal year while receiving no such funding in the current fiscal year.
  - Charges for services revenues increased primarily due to a \$500,945 (23.10%) increase in ambulance services revenues due to higher transports of 13.65%.
- Total expenditures increased \$5,615,099 (10.22%). General government expenditures increased \$533,870 (3.62%), public safety expenditures increased \$1,188,579 (4.84%), and capital outlay expenditures decreased \$2,125,071 (37.68%). Details about these variances are as follows:
  - Public Safety expenditures increased in total by \$2,939,530 (11.42%) due primarily to higher personnel costs related to wage and benefit increases of \$1,979,704 (8.92%). Police department wages and benefits increased \$1,491,953 (10.74%) and fire department wages and benefits increased \$487,751 (5.88%). The remaining increase were costs for things such as digital radio replacements, vehicle fuel and maintenance, employee development, and ambulance supplies. Many of these and other materials and supplies costs have been impacted by higher costs due to either inflation or supply shortages.
  - Parks, Recreation and Arts expenditures increased in total by \$558,462 (7.73%). The increase is a result of higher personnel costs due to general wage and benefit increases of \$142,576 (2.58%), facility wood staining projects at two of the city's larger parks totaling \$90,000, and an increase of \$144,216 in the library media collection due to higher demand for electronic media spurred by the recent pandemic (a large amount of this increase is grant related).
  - Capital outlay expenditures increased by \$1,660,188 (47.23%) due to purchasing \$661,376 more in police and \$511,610 more in fire vehicles and equipment. A large portion of the higher police amount was due to purchasing four vehicles for the addition of four new patrol officers funded by a grant and also three more patrol

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vehicles than the prior year. The fire increase was due to purchasing a new fire engine (the prior year only had an ambulance purchase which the current year did not have). Street micro-surfacing project expenditures of \$395,402 occurred in the current fiscal year while no such projects occurred in the prior fiscal year.

*Debt Service Fund* - Total fund balance is \$1,187,088, 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 \$773,314. The decrease was the result of using the remaining 2019 General Obligation Bonds capitalized interest funds to make the bond payments for the fiscal year.

*Capital Projects Fund* - Total fund balance is \$24,996,086, all of which is to be used for capital improvements and large equipment purchases. There was a net increase in fund balance in the current year of \$5,189,445 (26.20%). The increase was due to \$5,975,000 in "transfers in" from other funds which will be used to improve several parks and streets as well as providing additional funding for construction of a new city center to be completed over the following two fiscal years.

#### **Proprietary Funds**

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

*Water Fund* - Unrestricted net position at the end of the year is \$29,188,531, a decrease of \$68,608 (0.23%). Total net position increased by \$3,130,871 (4.18%) during the current fiscal year (prior fiscal year had an increase of \$6,848,473 or 10.07%).

While total net position still increased in the current fiscal year, it is important to note the decline in this increase when compared to the prior fiscal year increase amount. A decline of \$3,717,602. Items affecting the change in total net position of the fund are as follows:

- Operating revenues decreased \$2,522,784 (12.40%). Charges for services decreased 15.28% due to a 19.50% decrease in usage and a 15.31% decrease in the Tier 1 usage rate. However, the Metropolitan Water District of Orem (MWDO) provided \$500,000 more in funding in the current fiscal year than the prior fiscal year for a new well.
- Operating expenses increased \$284,143 (2.15%) in comparison with the prior year. The increase was primarily in contract services for water treatment at the Central Utah Water Conservancy District facility.
- Interest expense increased \$564,694 (141.66%) due to the full year accrual of 2021A Water, Sewer and Storm Water Bonds which were issued in April 2021. Due to when these bonds were issued, the prior fiscal year had only three months of interest accrued while the current fiscal year had a full twelve months.
- Contributions from developers decreased \$645,280 (33.11%) due to a decrease in development projects as the city council placed a moratorium on high density housing projects for about six months of the fiscal year.

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Water Reclamation Fund - Unrestricted net position at the end of the year is \$15,823,874, an increase of \$3,183,797 (25.19%). Total net position increased \$5,145,346 (11.10%) during the current fiscal year (prior fiscal year had an increase of \$6,037,689 or 14.98%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$394,449 (3.13%). The increase was due to an increase in sewer volume of 4.27%.
- Operating expenses increased \$513,811 (6.98%) in comparison with the prior year. Personnel services decreased \$186,800 (9.47%) due to a reduction in pension costs caused by positive investment returns as well as several position vacancies that occurred during the fiscal year. Utility costs increased \$345,292 (56.21%) due to costs related to Provo City sewer for FY 2016 through FY 2021. These costs had been getting accrued as an estimate since FY 2016 but when the final bill eventually came it was significantly higher than what had been getting accrued. Contract Services increased \$253,573 (32.88%) primarily related to the Sanitary Sewer Master Plan consultation work, a pipe condition study, and charges for engineering services.
- Interest expense increased \$196,660 (495.70%) due to the full year accrual of 2021A Water, Sewer and Storm Water Bonds which were issued in April 2021. Due to when these bonds were issued, the prior fiscal year had only three months of interest accrued while the current fiscal year had a full twelve months.
- Contributions from developers decreased \$774,316 (54.51%) due to a decrease in development projects as the city council placed a moratorium on high density housing projects for about six months of the fiscal year.

Storm Water Fund - Unrestricted net position at the end of the year is \$9,637,198, an increase of \$532,622 (5.85%). Total net position increased \$2,312,641 (9.02%) during the current fiscal year (prior fiscal year had an increase of \$2,406,640 or 10.37%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$214,381 (4.04%), due to a \$0.20 increase in the "equivalent service units (ESU)" rate which went from \$7.60/month/ESU to \$7.80/month/ESU.
- Operating expenses increased \$197,478 (6.74%) in comparison with the prior year. Personnel services increased \$62,224 (7.25%) due to wage and benefit increases at the beginning of the fiscal year. Depreciation expense increased \$95,812 (11.04%) due to adding some \$2 million of fixed assets in the prior fiscal year which now had a full year of depreciation (note the large reduction in the construction in progress).
- Interest expense increased \$38,606 (54.06%) due to the full year accrual of 2021A Water, Sewer and Storm Water Bonds which were issued in April 2021. Due to when these bonds were issued, the prior fiscal year had only three months of interest accrued while the current fiscal year had a full twelve months.
- Contributions from developers decreased \$122,526 (31.81%) due to a decrease in development projects as the city council placed a moratorium on high density housing projects for about six months of the fiscal year.

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2022**

### **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 \$62,709,214 to a final budget of \$98,357,503, an increase of \$35,648,289 (56.85%). The changes to the General Fund budget are briefly summarized as follows:

- Various public safety grants and donations received during the year totaled \$353,864 and various fines and forfeitures related to the drug task force increased by \$62,500.
- The library received several grants during the year totaling \$106,173.
- Various capital project, equipment, and other accounts were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$10,374,018.
- 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 \$569,221.
- 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 \$2,064,697.
- The City transferred \$5,725,000 to the Capital Projects Fund. The transfer was done as an appropriation of surplus funds in order to stay within the State of Utah's General Fund "fund balance" limitation.
- The City was awarded the second tranche of American Rescue Plan Act (ARPA) grant funding of \$8,043,675 to aid in public health and economic recovery from the COVID-19 pandemic. Also, the remaining amount of unused grant funds carried over from the prior year added \$7,472,333 to the budget in the current year.

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

- Taxes and Special Assessments – Revenues – Actual amount was higher than the budgeted amount by \$7,171,019 (17.74%). Actual sales tax revenues were higher than budgeted revenues by \$6,467,903 and property taxes were higher than budgeted revenues by \$505,220.
- Licenses and Permits – Revenues – Actual amount was higher than the budgeted amount by \$528,007 (29.92%). Actual revenues were higher than budgeted revenues due to building permits exceeding budget by \$364,162 and landlord licenses exceeding budget by \$147,337. The housing (other than high density housing) and commercial markets in the area were reasonably strong although not as much as the prior year.
- Intergovernmental – Revenues – Actual amount was lower than the budgeted amount by \$7,344,818 (58.65%). Actual revenues were lower than budgeted revenues because the City amended its budget for the full \$8,043,675 second tranche of ARPA grant funding which was added to the budget but the City was only able to spend \$400,972 by the end of the fiscal year.

**City of Orem**  
**Management's Discussion and Analysis**  
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- Charges for Services – Revenues – Actual amount was higher than the budgeted amount by \$1,336,292 (15.01%). The increase was due primarily to an increase in ambulance fees received of \$609,245 (29.58%) which resulted from a 13.65% increase in the number of transports. Plan check fees increased \$219,259 (47.46%) due to the City's conservative building related revenues budget philosophy of budgeting at a relatively conservative amount and letting any excess fall to fund reserves to eventually be used for capital projects in the following fiscal year. Cemetery lot sales and interment fees exceeded budget by \$277,677 (34.49%) as we continue to see a surge in burials and citizens planning ahead by purchasing lots in the newly opened section of the cemetery.
- General Government – Expenditures – Actual amounts were lower than budgeted by \$16,136,026 (50.79%). The following narrative provides details about this variance from budget:
  - Unspent CARES Act funds of \$5,154,207 were carried over and added to the budget even though actual expenditures for the current fiscal year were only \$14,710. The City received \$8,043,675 as the second tranche in ARPA grant funding which was added to the budget but the City was only able to spend \$198,584 for this category by fiscal year-end.
  - Wages and employee benefit costs were lower than budget by \$410,209. The variance is primarily due to vacant positions that occur naturally throughout the fiscal year.
  - Professional and technical services accounts were lower than budget by \$468,320 as expected service costs were either delayed or determined to not be necessary. The City's justice court has had very little need of a bailiff as much of the activity has been via electronic means rather than in person. Also, transports to the county jail have been very negligible and thus, the time needed to perform these transports has not been needed.
  - Various contingency accounts were not used and thus, were lower than budget by \$458,147.
- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$4,481,696 (12.74%).
  - Various vehicle and equipment costs totaling \$1,687,882 did not get purchased by the end of the fiscal year but have been budgeted.
  - Contracted Vineyard City future fire station start-up costs are being accumulated and thus, while being budgeted are not being spent as of yet. The accumulated budgeted funds currently total \$1,935,000 at the end of the current fiscal year.
  - Various drug task force accounts had budgeted funds that were unspent at fiscal year-end. The unspent funds totaled \$314,136.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$3,041,192 (34.49%). Most of this variance can be attributed to various street overlay/reconstruction projects, slurry seal projects, micro-surfacing, and street striping projects that were not completed by fiscal year end but are expected to be completed in the next fiscal year.

**City of Orem**  
**Management's Discussion and Analysis**  
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- Parks, Recreation, and Arts – Expenditures – Actual amounts were lower than budgeted by \$7,037,992 (46.44%). The variance is due to ARPA grant funds being carried over from the prior year. The expenditure of these funds has now been identified and thus, the budget was increased for this category since they will be used to build a new park.

### **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, 2022, amounts to \$299,396,522 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment (including vehicles and office equipment), infrastructure, intangibles, and construction in progress.

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

- Public safety purchased sixteen new vehicles totaling \$724,984 and a new fire engine at a cost of \$812,924. They also purchased new digital radios to replace old analog radios at a total cost of \$352,188.
- The parks division purchased three new riding mowers for \$43,963. They also completed the Westmore Park wall replacement project spending \$79,311 this fiscal year, completed Windsor Park ballfield renovations for \$28,040, and completed wood staining and rock repairs at Nielson's Grove and Timpanogos parks for \$29,298.
- The streets division completed the purchase of a paint machine for \$13,121 and purchased two new backhoes totaling \$232,928.
- Various road, street light, and landscaping projects completed or added to construction in process were approximately \$2,800,000.
- Recreation had fitness center reconstruction costs added to construction in progress totaling \$492,482, an outdoor pool drainage project totaling \$214,129, and boiler replacements at both the fitness center and outdoor pool totaling \$231,250.
- The library purchased a new piano for Library Hall for \$28,448 and new furniture for \$16,131. Construction costs added for the new Library Hall facility totaled \$100,000.
- Several facility projects took place in the current fiscal year at the public safety building, city center, and library. These projects totaled \$153,354.
- The water division had several waterline projects completed or added to construction in process totaling approximately \$2,700,000. They spent approximately \$1,755,000 on the automated meter read technology project that began near the end of FY 2018. They purchased three new backhoes for \$349,392, began construction of a new 10 million gallon culinary water storage tank with costs totaling \$327,258, and began work on a new well with costs totaling \$472,943



**City of Orem**  
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- The water reclamation division had several sewer line projects completed or added to construction in process totaling approximately \$3,727,000. They also began work on a lift station with costs totaling \$1,802,806. They purchased a new backhoe for \$116,464 and various other equipment totaling approximately \$146,000.
- The storm water division had several storm water line projects completed or added to construction in process totaling approximately \$1,310,000. New vehicle and equipment purchases include a sweeper for \$209,027, a backhoe for \$116,464, a riding mower for \$15,780, a GPS rover for \$25,910, and a sewer inspection camera for \$23,652.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
	Land	\$ 72,570,455	\$ 72,551,355	\$ 6,496,507	\$ 6,481,577	\$ 79,066,962
Buildings and Systems Improvements other than Buildings	45,107,985	18,407,911	625,712	717,520	45,733,697	19,125,431
Machinery and Equipment	14,889,238	14,343,508	3,826,731	4,270,845	18,715,969	18,614,353
Infrastructure	10,022,985	7,962,650	4,520,120	4,644,973	14,543,105	12,607,623
Construction in Progress	47,708,044	49,103,210	82,560,332	78,115,618	130,268,376	127,218,828
Intangibles	1,825,890	30,226,670	7,939,285	2,746,287	9,765,175	32,972,957
	88,548	88,548	1,214,690	1,214,690	1,303,238	1,303,238
<b>Total Capital Assets</b>	<b>\$ 192,213,145</b>	<b>\$ 192,683,852</b>	<b>\$ 107,183,377</b>	<b>\$ 98,191,510</b>	<b>\$ 299,396,522</b>	<b>\$ 290,875,362</b>

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 77-78.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$73,125,000. Of this amount, \$27,655,000 comprises debt backed by the full faith and credit of the government and \$45,470,000 is debt (i.e. revenue bonds) secured solely by specific revenue sources such as sales taxes, franchise taxes, water revenues, water reclamation revenues, and/or storm water revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
	General Obligation Bonds	\$ 27,655,000	\$ 28,655,000	\$ -	\$ -	\$ 27,655,000
Revenue Bonds	253,000	496,000	45,217,000	47,301,000	45,470,000	47,797,000
<b>Total Bonds</b>	<b>\$ 27,908,000</b>	<b>\$ 29,151,000</b>	<b>\$ 45,217,000</b>	<b>\$ 47,301,000</b>	<b>\$ 73,125,000</b>	<b>\$ 76,452,000</b>

The City's total bonded debt decreased by \$3,327,000 (4.35%) during the current fiscal year. No new bonded debt was issued during the fiscal year.

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The City of Orem maintains a “AAA” rating from Fitch Ratings and a “AA+” rating from Standard & Poor’s for bond issuances for which they are responsible for providing a rating on.

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 \$449,564,661, 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 \$479,529,626. 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 \$929,094,287. More detailed information can be found on pages 176-177.

Additional information on the City’s long-term debt can be found in the footnotes to this financial report on pages 82-88.

**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the City of Orem at June 30, 2022 was 2.3%. The City’s unemployment rate compares favorably to the national rate of 3.6%. The City has a relatively high technology based workforce comparative to other areas of the county and state which can be impacted (for good or bad) to a slightly higher degree than many other workforce groups in the economy. This has been particularly beneficial during and following the recent pandemic as the need for technology-based solutions has been expedited. 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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City	3.3%	3.1%	5.0%	3.0%	2.3%
County	3.4%	3.1%	4.5%	2.8%	2.3%
State	3.5%	3.2%	5.7%	3.1%	2.4%
Nation	4.2%	3.8%	11.1%	5.9%	3.6%

- The General Fund budget for the fiscal year ending June 30, 2023 reflects a decrease of \$4,708,873 or 6.55% in revenues, excluding appropriations of surplus, compared to the final actual revenues for the fiscal year ended June 30, 2022. The primary decreases in budgeted revenues are identified as follows:

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2022**

- A decrease in intergovernmental revenues (primarily grants) of \$831,369 as the city does not budget for grants until they have actually been awarded
- A decrease in sales tax revenues of \$788,779 as the city believes FY 2022 was inflated due to consumers being more willing to get out and spend after dealing with the pandemic
- A decrease in building fees of \$638,683 due to a conservative budgeting philosophy for this revenue type
- A decrease of \$569,245 in ambulance revenues as the city does not anticipate the same transport volume in FY 2023 as there was in FY 2022
- A decrease in property taxes of \$523,163 as conservative estimates are used to come up with this budget amount each year because the timing of obtaining this information from the county does not allow the city enough time to include it within the final adopted budget.
- The General Fund budget for the fiscal year ending June 30, 2023 reflects a decrease of \$1,713,857 or 2.38% in expenditures compared to the final actual expenditures for the fiscal year ended June 30, 2022. Most of this is due to the personnel cost increases and additional capital projects and acquisitions in the FY 2023 budget.
- Despite some negative impacts of high fuel costs, inflationary pressures, and supply shortages, the state and the city continue to compare favorably to national indices. Sales tax revenues continue to increase in comparison to the prior year while other revenue sources are comparable or gradually improving when compared to the prior fiscal year. These revenue sources as well as others are monitored very closely so the City can identify what future spending may be able to be added should positive revenue trends continue.

All of these factors were considered in preparing the City's budget for the 2022-2023 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:

Brandon C. Nelson, CPA  
City of Orem  
Finance Director  
56 North State Street, Orem, UT 84057  
or via email at [bcnelson@orem.org](mailto:bcnelson@orem.org)

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# **BASIC FINANCIAL STATEMENTS**

City of Orem  
Statement of Net Position  
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 56,091,790	\$ 60,112,872	\$ 116,204,662
Investments	14,166,164	-	14,166,164
Receivables (Net of Allowance for Uncollectibles)	957,160	5,185,156	6,142,316
Property and Other Taxes Receivable	12,526,768	-	12,526,768
Special Assessments Receivable	33,741	-	33,741
Intergovernmental Receivables	257,859	-	257,859
Notes Receivable	217,859	-	217,859
Leases Receivable	2,886,488	-	2,886,488
Prepaid Expenses	78,171	-	78,171
Inventory	402,448	-	402,448
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	897,327	3,592,614	4,489,941
Capital Improvements	29,147,086	44,700,170	73,847,256
Other Purposes	6,806,789	-	6,806,789
Receivables:			
Debt Service	2,285,476	-	2,285,476
Capital Improvement Projects	2,149,578	-	2,149,578
Other Purposes	1,564,175	-	1,564,175
Investments:			
Debt Service	2,568,257	-	2,568,257
Capital Improvement Projects	3,938,600	-	3,938,600
Net Pension Assets	20,096,352	2,079,804	22,176,156
Capital Assets:			
Non-depreciable Capital Assets	74,484,894	15,650,482	90,135,376
Depreciable Capital Assets (net)	117,728,251	91,532,895	209,261,146
Total Assets	<u>349,285,233</u>	<u>222,853,993</u>	<u>572,139,226</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Loss on Debt Refundings	53,576	485,641	539,217
Pensions	7,183,738	743,458	7,927,196
Total Deferred Outflows of Resources	<u>7,237,314</u>	<u>1,229,099</u>	<u>8,466,413</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 356,522,547</u>	<u>\$ 224,083,092</u>	<u>\$ 580,605,639</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,020,397	\$ 2,740,314	\$ 3,760,711
Customer Deposits	8,289,676	115,771	8,405,447
Accrued Liabilities	1,523,402	314,234	1,837,636
Unearned Revenues	17,184,681	1,200,298	18,384,979
Accrued Interest Payable	283,653	705,498	989,151
Liabilities Payable from Restricted Assets	1,350,927	-	1,350,927
Noncurrent Liabilities:			
Due within One Year	5,074,809	3,425,231	8,500,040
Due in more than One Year	36,041,925	48,714,267	84,756,192
Total Liabilities	<u>70,769,470</u>	<u>57,215,613</u>	<u>127,985,084</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenues - Property Taxes	9,385,476	-	9,385,476
Leases	2,886,488	-	2,886,488
Pensions	21,481,310	2,223,137	23,704,447
Total Deferred Inflows of Resources	<u>33,753,274</u>	<u>2,223,137</u>	<u>35,976,411</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	155,974,028	81,282,909	237,256,937
Restricted for:			
Debt Service	3,465,584	3,592,614	7,058,198
Capital Improvements	13,950,399	19,269,762	33,220,161
Pensions	20,096,352	2,079,804	22,176,156
Community Development	12,693,720	-	12,693,720
Unrestricted	45,819,720	58,419,253	104,238,973
Total Net Position	<u>251,999,803</u>	<u>164,644,342</u>	<u>416,644,145</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 356,522,547</u>	<u>\$ 224,083,092</u>	<u>\$ 580,605,639</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, 2022

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 15,691,209	\$ 11,824,143	\$ -	\$ -
Public Safety	27,353,214	8,211,979	1,042,618	238,839
Highways and Public Improvements	8,187,834	268,680	-	3,905,849
Parks, Recreation and Arts	8,910,111	1,877,951	126,781	1,493,807
Economic and Physical Development	1,204,626	80,023	709,835	87,501
Redevelopment	1,334,386	-	51,533	-
Interest on Long-term Debt	4,589,160	-	-	-
Total Governmental Activities	67,270,540	22,262,776	1,930,767	5,725,996
Business-type Activities:				
Water	15,541,478	17,818,803	-	1,303,497
Water Reclamation	8,309,770	12,986,274	-	646,256
Storm Water	3,261,027	5,515,349	-	262,653
Recreation	2,725,743	3,142,844	-	-
Solid Waste	4,241,603	4,624,294	-	-
Street Lighting	522,488	1,069,000	-	-
Total Business-type Activities	34,602,109	45,156,564	-	2,212,406
Total Primary Government	\$ 101,872,649	\$ 67,419,340	\$ 1,930,767	\$ 7,938,402

General Revenues:

- Sales Taxes
- Property Taxes
- Franchise Taxes
- Vehicle Taxes
- Other Taxes & Special Assessments
- Unrestricted Investment Earnings
- Gain (Loss) on Sale of Capital Assets
- Investments - FMV Change
- Transfers In (Out)

Total General Revenues and Transfers

Change in Total Net Position

Total Net Position - Beginning

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
\$ (3,867,066)	\$ -	\$ (3,867,066)
(17,859,778)	-	(17,859,778)
(4,013,305)	-	(4,013,305)
(5,411,572)	-	(5,411,572)
(327,267)	-	(327,267)
(1,282,853)	-	(1,282,853)
(4,589,160)	-	(4,589,160)
<u>(37,351,001)</u>	<u>-</u>	<u>(37,351,001)</u>
-	3,580,822	3,580,822
-	5,322,760	5,322,760
-	2,516,975	2,516,975
-	417,101	417,101
-	382,691	382,691
-	546,512	546,512
<u>-</u>	<u>12,766,861</u>	<u>12,766,861</u>
<u>(37,351,001)</u>	<u>12,766,861</u>	<u>(24,584,140)</u>
37,803,119	-	37,803,119
10,258,353	-	10,258,353
8,088,605	-	8,088,605
595,807	-	595,807
365,612	-	365,612
550,940	516,320	1,067,260
253,679	414,437	668,116
(1,480,830)	(381,539)	(1,862,369)
1,804,802	(1,804,802)	-
<u>58,240,087</u>	<u>(1,255,584)</u>	<u>56,984,503</u>
20,889,086	11,511,277	32,400,363
<u>231,110,717</u>	<u>153,133,065</u>	<u>384,243,782</u>
<u>\$ 251,999,803</u>	<u>\$ 164,644,342</u>	<u>\$ 416,644,145</u>



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City of Orem  
Balance Sheet  
Governmental Funds  
June 30, 2022

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 24,363,123	\$ 1,143,948	\$ 25,222,602	\$ 438,672	\$ 51,168,345
Receivables (Net of Allowance for Uncollectibles)	952,910	-	-	4,250	957,160
Property Taxes Receivable	5,750,000	-	-	-	5,750,000
Other Taxes Receivable	6,776,768	-	-	-	6,776,768
Special Assessments Receivable	33,741	-	-	-	33,741
Intergovernmental Receivables	110,610	-	5,301	141,948	257,859
Due from Other Funds	152,778	-	-	-	152,778
Notes Receivable	-	-	-	217,859	217,859
Investments	14,166,164	-	-	-	14,166,164
Prepays	47,512	-	-	-	47,512
Leases Receivable	-	-	2,886,488	-	2,886,488
Restricted Cash and Cash Equivalents:					
Debt Service	854,187	43,140	-	-	897,327
Capital Improvement Projects	16,761,405	-	-	12,385,681	29,147,086
Other Purposes	2,328,413	-	-	4,478,376	6,806,789
Restricted Receivables:					
Debt Service	-	2,285,476	-	-	2,285,476
Capital Improvement Projects	799,578	-	-	1,350,000	2,149,578
Other Purposes	206,515	-	-	1,357,660	1,564,175
Restricted Investments:					
Debt Service	2,568,257	-	-	-	2,568,257
Capital Improvement Projects	3,938,600	-	-	-	3,938,600
<b>Total Assets</b>	<b>\$ 79,810,561</b>	<b>\$ 3,472,564</b>	<b>\$ 28,114,391</b>	<b>\$ 20,374,446</b>	<b>\$ 131,771,962</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 430,871	\$ -	\$ 39,782	\$ 493,831	\$ 964,484
Customer Deposits	8,289,676	-	-	-	8,289,676
Accrued Liabilities	1,464,056	-	-	5,429	1,469,485
Unearned Revenues	16,982,960	-	192,035	9,686	17,184,681
Liabilities Payable from Restricted Assets	1,350,927	-	-	-	1,350,927
<b>Total Liabilities</b>	<b>28,518,490</b>	<b>-</b>	<b>231,817</b>	<b>508,946</b>	<b>29,259,253</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenues - Property Taxes	5,750,000	2,285,476	-	1,350,000	9,385,476
Deferred Revenues - Receivables	435,130	-	-	309,131	744,261
Leases	-	-	2,886,488	-	2,886,488
<b>Total Deferred Inflows of Resources</b>	<b>6,185,130</b>	<b>2,285,476</b>	<b>2,886,488</b>	<b>1,659,131</b>	<b>13,016,225</b>
<b>FUND BALANCES</b>					
Nonspendable	47,512	-	-	-	47,512
Restricted	12,133,985	43,140	19,088	17,835,319	30,031,532
Assigned	10,888,833	1,143,948	24,976,998	371,050	37,380,829
Unassigned	22,036,611	-	-	-	22,036,611
<b>Total Fund Balances</b>	<b>45,106,941</b>	<b>1,187,088</b>	<b>24,996,086</b>	<b>18,206,369</b>	<b>89,496,484</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 79,810,561</b>	<b>\$ 3,472,564</b>	<b>\$ 28,114,391</b>	<b>\$ 20,374,446</b>	<b>\$ 131,771,962</b>

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

Capital assets used in governmental funds are not financial resources.	192,213,145
Net Pension Assets and Deferred Outflows of Resources are not available financial resources and are not reported in the governmental funds.	27,333,666
Other restricted assets are not available financial resources and are not reported in the governmental funds.	-
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.	744,261
Internal service funds are used by management to charge the cost of fleet management, self-insurance, purchasing/warehousing, information technology, and facilities maintenance. The current assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	4,358,174
Long-term liabilities, including bonds payable, compensated absences, and pensions, are not due and payable in the current period.	(40,380,965)
Other financial obligations not due and payable in the current period.	-
Interest payable on long-term obligations do not require current financial resources and are not reported in the governmental funds.	(283,653)
Deferred Inflows of Resources related to pensions do not require current financial resources and are not reported in the governmental funds.	(21,481,310)
<b>Net Position of Governmental Activities</b>	<b>\$ 251,999,803</b>

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, 2022

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes and Special Assessments	\$ 47,588,287	\$ 1,514,785	\$ -	\$ 8,013,371	\$ 57,116,443
Licenses and Permits	2,293,007	-	-	-	2,293,007
Intergovernmental	5,177,794	-	51,533	797,336	6,026,663
Charges for Services	10,239,937	-	-	119,859	10,359,796
Fines and Forfeitures	1,386,493	-	-	-	1,386,493
Charges for Services - Other Funds	5,200,482	-	-	-	5,200,482
Impact Fees	-	-	-	1,630,100	1,630,100
Investment Earnings	457,732	2,942	-	90,630	551,304
Miscellaneous Revenue	1,387,610	-	624,329	300,375	2,312,314
<b>Total Revenues</b>	<b>73,731,342</b>	<b>1,517,727</b>	<b>675,862</b>	<b>10,951,671</b>	<b>86,876,602</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General Government	15,579,725	-	-	-	15,579,725
Public Safety	28,681,857	-	-	-	28,681,857
Highways and Public Improvements	3,004,029	-	-	216,480	3,220,509
Parks, Recreation and Arts	7,781,941	-	-	1,083,028	8,864,969
Economic and Physical Development	328,919	-	192,649	548,763	1,070,331
Redevelopment	-	-	-	1,229,620	1,229,620
<b>Debt Service:</b>					
Principal Retirement	-	1,243,000	-	115,000	1,358,000
Interest and Fiscal Charges	-	4,654,996	-	11,398	4,666,394
Leases - Principal	-	455,000	-	-	455,000
Leases - Interest	-	99,043	-	-	99,043
Capital Outlay	5,175,182	-	1,268,768	2,831,988	9,275,938
<b>Total Expenditures</b>	<b>60,551,653</b>	<b>6,452,039</b>	<b>1,461,417</b>	<b>6,036,277</b>	<b>74,501,386</b>
Excess (Deficiency) of Revenues over (under) Expenditures	13,179,689	(4,934,312)	(785,555)	4,915,394	12,375,216
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Asset Disposals	372,664	-	-	-	372,664
Investments - FMV Change	(1,448,128)	(2,905)	-	(29,797)	(1,480,830)
Transfers In	2,471,177	4,163,903	5,975,000	-	12,610,080
Transfers Out	(9,600,800)	-	-	(1,127,286)	(10,728,086)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,205,087)</b>	<b>4,160,998</b>	<b>5,975,000</b>	<b>(1,157,083)</b>	<b>773,828</b>
<b>Net Change in Fund Balances</b>	<b>4,974,602</b>	<b>(773,314)</b>	<b>5,189,445</b>	<b>3,758,311</b>	<b>13,149,044</b>
Fund Balance - Beginning	40,132,339	1,960,402	19,806,641	14,448,058	76,347,440
<b>Fund Balance - Ending</b>	<b>\$ 45,106,941</b>	<b>\$ 1,187,088</b>	<b>\$ 24,996,086</b>	<b>\$ 18,206,369</b>	<b>\$ 89,496,484</b>

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, 2022**

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

Net Change in Fund Balances - Total Governmental Funds		\$ 13,149,044
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.		
Capital Asset Purchases Capitalized	\$ 7,328,487	
Depreciation Expense	<u>(7,681,211)</u>	(352,724)
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.		
Principal Payments recorded as a reduction of the long-term liability	<u>\$ 1,813,000</u>	1,813,000
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.		
Amortization of Bond Refundings - Loss on Defeasance	\$ (38,865)	
Amortization of Bond Premiums (Discounts)	<u>209,650</u>	170,786
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.		
Compensated Absences	\$ (228,731)	
Interest Expense	5,491	
Pension Expense	6,507,542	
Other Post Employment Benefits (OPEB) Expense	<u>27,684</u>	6,311,986
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Special Assessment Revenues	\$ (5,311)	
Charges for Services Revenues	173,977	
Gain (Loss) on Sale of Capital Assets	(118,985)	
Pension Revenues - Nonemployer Contributions	<u>536,707</u>	586,388
Internal service funds are used by management to charge the costs of fleet management, purchasing/warehousing, self-insurance, information technology, and facilities maintenance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
		<u>(789,394)</u>
Change in Net Position of Governmental Activities		<u>\$ 20,889,086</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and Special Assessments	\$ 40,417,268	\$ 40,417,268	\$ 47,588,287	\$ 7,171,019
Licenses and Permits	1,765,000	1,765,000	2,293,007	528,007
Intergovernmental	4,002,500	12,522,612	5,177,794	(7,344,818)
Charges for Services	8,903,645	8,903,645	10,239,937	1,336,292
Fines and Forfeitures	1,046,200	1,108,700	1,386,493	277,793
Charges for Services - Other Funds	5,164,577	5,200,482	5,200,482	-
Investment Earnings	375,000	375,000	457,732	82,732
Miscellaneous Revenues	935,024	977,568	1,387,610	410,042
Total Revenues	62,609,214	71,270,275	73,731,342	2,461,067
<b>EXPENDITURES</b>				
General Government:				
Legislative	450,813	546,620	523,802	22,818
Executive	3,878,872	4,344,880	3,735,233	609,647
Finance	3,994,843	3,963,636	3,722,311	241,325
Development Services	4,511,121	4,544,583	4,246,094	298,489
Legal Services	1,485,845	1,463,290	1,355,175	108,115
Other - Unclassified	4,062,746	16,906,779	2,051,147	14,855,632
Total General Government	18,384,240	31,769,788	15,633,762	16,136,026
Public Safety:				
Police	17,316,195	20,159,111	19,430,518	728,593
Fire	11,416,776	15,018,480	11,265,377	3,753,103
Total Public Safety	28,732,971	35,177,591	30,695,895	4,481,696
Highways and Public Improvements:				
Administration	547,114	590,821	559,866	30,955
Traffic and Streets	5,615,434	8,226,106	5,215,869	3,010,237
Total Highways and Public Improvements	6,162,548	8,816,927	5,775,735	3,041,192
Parks, Recreation and Arts	7,823,723	15,155,334	8,117,342	7,037,992
Economic and Physical Development	228,336	379,106	328,919	50,187
Total Expenditures	61,331,818	91,298,746	60,551,653	30,696,906
Excess of Revenues over Expenditures	1,277,396	(20,028,471)	13,179,689	33,208,160
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Asset Disposals	100,000	104,609	372,664	268,055
Investments - FMV Change	-	-	(1,448,128)	(1,448,128)
Transfers In	2,515,405	2,559,043	2,471,177	(87,866)
Transfers Out	(3,892,801)	(9,617,800)	(9,600,800)	17,000
Total Other Financing Sources (Uses)	(1,277,396)	(6,954,148)	(8,205,087)	(1,250,939)
Net Change in Fund Balance	-	(26,982,619)	4,974,602	31,957,221
Fund Balance - Beginning	40,132,339	40,132,339	40,132,339	-
Fund Balance - Ending	\$ 40,132,339	\$ 13,149,720	\$ 45,106,941	\$ 31,957,221

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

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City of Orem  
Statement of Net Position  
Proprietary Funds  
June 30, 2021

	Business-type Activities - Enterprise Funds					
	Water Fund	Water Fund	Water Reclamation Fund	Water Reclamation Fund	Storm Water Fund	Storm Water Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 29,013,216	\$ 25,799,101	\$ 16,894,625	\$ 12,752,781	\$ 9,628,212	\$ 8,959,914
Accounts Receivable (Net of Allowance for Doubtful Accounts)	2,703,846	2,506,792	1,342,120	1,310,119	546,553	515,152
Inventories	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-
Restricted Cash & Cash Equivalents:						
Debt Service	2,997,614	1,683,376	595,000	535,500	-	-
Capital Improvements	28,168,167	34,070,162	14,271,912	18,047,230	2,260,091	2,263,853
Total Current Assets	<u>62,882,843</u>	<u>64,059,431</u>	<u>33,103,657</u>	<u>32,645,630</u>	<u>12,434,856</u>	<u>11,738,919</u>
Noncurrent Assets:						
Capital Assets:						
Land	2,607,756	2,592,826	570,209	570,209	3,278,720	3,278,720
Buildings and Systems	903,086	903,086	3,097,885	3,097,885	679,293	679,293
Improvements other than Buildings	9,292,177	9,262,916	2,092,186	2,028,934	115,667	115,667
Machinery and Equipment	3,433,927	3,308,335	7,208,603	7,338,784	2,753,816	2,552,842
Infrastructure	68,199,287	65,046,853	53,576,444	52,059,097	23,280,545	20,440,087
Construction in Progress	3,465,946	1,059,465	4,343,543	180,807	129,796	1,495,724
Intangibles	997,276	997,276	195,900	195,900	21,514	21,514
Less Accumulated Depreciation	(38,493,900)	(35,954,607)	(37,036,714)	(35,481,102)	(10,999,769)	(10,218,680)
Total Capital Assets (Net of Accumulated Depreciation)	<u>50,405,555</u>	<u>47,216,150</u>	<u>34,048,056</u>	<u>29,990,514</u>	<u>19,259,582</u>	<u>18,365,167</u>
Net Pension Assets	460,692	-	1,139,943	111,544	478,140	-
Total Noncurrent Assets	<u>50,866,247</u>	<u>47,216,150</u>	<u>35,187,999</u>	<u>30,102,058</u>	<u>19,737,722</u>	<u>18,365,167</u>
Total Assets	<u>113,749,090</u>	<u>111,275,581</u>	<u>68,291,656</u>	<u>62,747,688</u>	<u>32,172,578</u>	<u>30,104,086</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Debt Refundings	402,293	495,865	-	-	83,348	110,750
Pensions	164,681	129,340	407,490	112,543	170,917	76,142
Total Deferred Outflows of Resources	<u>566,974</u>	<u>625,205</u>	<u>407,490</u>	<u>112,543</u>	<u>254,265</u>	<u>186,892</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 114,316,064</u>	<u>\$ 111,900,786</u>	<u>\$ 68,699,146</u>	<u>\$ 62,860,231</u>	<u>\$ 32,426,843</u>	<u>\$ 30,290,978</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 1,155,309	\$ 985,745	\$ 1,157,939	\$ 947,662	\$ 34,873	\$ 154,554
Customer Deposits	115,771	103,180	-	-	-	-
Accrued Liabilities	38,465	130,454	197,972	105,704	16,631	53,250
Due to Other Funds	-	-	-	-	-	-
Accrued Vacation Leave	101,439	122,861	105,287	123,232	90,754	81,240
Claims and Judgments	-	-	-	-	-	-
Unearned Revenue	264,425	232,580	-	-	-	-
Accrued Interest Payable	520,023	277,208	135,117	49,728	50,358	33,295
Leases Payable - Current Portion	-	-	-	-	-	-
Bonds Payable - Current Portion	1,826,393	1,346,443	809,329	654,329	482,677	438,627
Total Current Liabilities	<u>4,021,825</u>	<u>3,198,471</u>	<u>2,405,644</u>	<u>1,880,655</u>	<u>675,293</u>	<u>760,966</u>
Noncurrent Liabilities:						
Accrued Vacation Leave	5,339	6,467	5,542	6,486	4,776	4,275
Claims and Judgments	-	-	-	-	-	-
Leases Payable - Long-term Portion	-	-	-	-	-	-
Bonds Payable - Long-term Portion	31,830,413	33,656,806	13,570,080	14,379,409	3,297,625	3,780,303
Net Pension Liability	-	62,641	-	47,471	-	36,879
Total Noncurrent Liabilities	<u>31,835,752</u>	<u>33,725,914</u>	<u>13,575,622</u>	<u>14,433,366</u>	<u>3,302,401</u>	<u>3,821,457</u>
Total Liabilities	<u>35,857,577</u>	<u>36,924,385</u>	<u>15,981,266</u>	<u>16,314,021</u>	<u>3,977,694</u>	<u>4,582,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions	492,441	141,226	1,218,504	192,180	511,092	83,139
Total Deferred Inflows of Resources	<u>492,441</u>	<u>141,226</u>	<u>1,218,504</u>	<u>192,180</u>	<u>511,092</u>	<u>83,139</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	36,192,092	34,789,336	24,279,527	23,434,648	17,341,106	16,252,249
Restricted for Debt Service	2,997,614	1,683,376	595,000	535,500	-	-
Restricted for Capital Improvements	9,127,117	9,105,324	9,661,032	9,632,261	481,613	268,591
Restricted for Pensions	460,692	-	1,139,943	111,544	478,140	-
Unrestricted	29,188,531	29,257,139	15,823,874	12,640,077	9,637,198	9,104,576
Total Net Position	<u>77,966,046</u>	<u>74,835,175</u>	<u>51,499,376</u>	<u>46,354,030</u>	<u>27,938,057</u>	<u>25,625,416</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 114,316,064</u>	<u>\$ 111,900,786</u>	<u>\$ 68,699,146</u>	<u>\$ 62,860,231</u>	<u>\$ 32,426,843</u>	<u>\$ 30,290,978</u>

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

Other Enterprise Funds		Other Enterprise Funds		Total		Total		Governmental Activities
Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Internal Service Funds
Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
\$ 4,576,819	\$ 4,644,750	\$ 60,112,872	\$ 52,156,546	\$ 4,923,445				
592,637	598,105	5,185,156	4,930,168					
-	-	-	-					402,448
-	-	-	-					30,659
-	-	3,592,614	2,218,876					-
-	-	44,700,170	54,381,245					-
<u>5,169,456</u>	<u>5,242,855</u>	<u>113,590,812</u>	<u>113,686,835</u>	<u>5,356,552</u>				
39,822	39,822	6,496,507	6,481,577					-
1,509,500	1,509,500	6,189,764	6,189,764	150,000				
399,238	399,238	11,899,268	11,806,755	53,413				
146,127	146,127	13,542,473	13,346,088	679,735				
3,958,579	2,967,393	149,014,855	140,513,430	-				
-	10,291	7,939,285	2,746,287	-				
-	-	1,214,690	1,214,690	88,548				
<u>(2,583,082)</u>	<u>(2,452,692)</u>	<u>(89,113,465)</u>	<u>(84,107,081)</u>	<u>(473,084)</u>				
3,470,184	2,619,679	107,183,377	98,191,510	498,612				
1,029	-	2,079,804	111,544	1,551,705				
<u>3,471,213</u>	<u>2,619,679</u>	<u>109,263,181</u>	<u>98,303,054</u>	<u>2,050,317</u>				
<u>8,640,669</u>	<u>7,862,534</u>	<u>222,853,993</u>	<u>211,989,889</u>	<u>7,406,869</u>				
-	-	485,641	606,615	-				
370	41,433	743,458	359,458	554,679				
<u>370</u>	<u>41,433</u>	<u>1,229,099</u>	<u>966,073</u>	<u>554,679</u>				
<u>\$ 8,641,039</u>	<u>\$ 7,903,967</u>	<u>\$ 224,083,092</u>	<u>\$ 212,955,962</u>	<u>\$ 7,961,548</u>				
\$ 392,193	\$ 380,019	\$ 2,740,314	\$ 2,467,980	\$ 55,913				
-	-	115,771	103,180	-				
61,166	154,826	314,234	444,234	53,917				
-	-	-	-	152,778				
9,352	48,890	306,832	376,223	158,868				
-	-	-	-	575,802				
935,873	933,909	1,200,298	1,166,489	-				
-	-	705,498	360,231	-				
-	-	-	-	1,100				
-	-	3,118,399	2,439,399	-				
<u>1,398,584</u>	<u>1,517,644</u>	<u>8,501,346</u>	<u>7,357,736</u>	<u>998,378</u>				
492	2,573	16,149	19,801	8,360				
-	-	-	-	1,589,663				
-	-	-	-	20,084				
-	-	48,698,118	51,816,518	-				
-	20,065	-	167,056	-				
492	22,638	48,714,267	52,003,375	1,618,107				
<u>1,399,076</u>	<u>1,540,282</u>	<u>57,215,613</u>	<u>59,361,111</u>	<u>2,616,485</u>				
1,100	45,241	2,223,137	461,786	1,658,642				
<u>1,100</u>	<u>45,241</u>	<u>2,223,137</u>	<u>461,786</u>	<u>1,658,642</u>				
3,470,184	2,619,679	81,282,909	77,095,912	477,428				
-	-	3,592,614	2,218,876	-				
-	-	19,269,762	19,006,176	-				
1,029	-	2,079,804	111,544	1,551,705				
<u>3,769,650</u>	<u>3,698,765</u>	<u>58,419,253</u>	<u>54,700,557</u>	<u>1,657,288</u>				
<u>7,240,863</u>	<u>6,318,444</u>	<u>164,644,342</u>	<u>153,133,065</u>	<u>3,686,421</u>				
<u>\$ 8,641,039</u>	<u>\$ 7,903,967</u>	<u>\$ 224,083,092</u>	<u>\$ 212,955,962</u>	<u>\$ 7,961,548</u>				



City of Orem  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For The Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				
	Water Fund	Water Fund	Water Reclamation Fund	Water Reclamation Fund	Storm Water Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 15,888,234	\$ 18,754,194	\$ 12,536,692	\$ 12,100,616	\$ 5,417,303
Other Revenues	1,930,569	1,587,393	449,582	491,209	98,046
Total Operating Revenues	<u>17,818,803</u>	<u>20,341,587</u>	<u>12,986,274</u>	<u>12,591,825</u>	<u>5,515,349</u>
<b>OPERATING EXPENSES</b>					
Personnel Services	2,186,078	2,279,065	1,785,512	1,972,312	920,947
Supplies and Maintenance	1,163,483	908,761	755,194	815,941	254,989
Administrative Fee	1,448,462	1,428,617	851,767	827,017	367,343
Utilities	523,461	676,352	959,575	614,283	10,390
Contract Services	4,946,011	4,808,978	1,024,664	771,091	436,136
Equipment Lease and Rentals	31,517	44,197	3,033	-	4,712
Insurance	170,250	169,781	388,319	388,515	21,647
Charges in Lieu of Property Tax	71,787	71,787	52,665	52,665	29,316
Depreciation Expense	2,732,010	2,725,683	1,870,702	1,803,070	963,430
Miscellaneous	249,409	125,104	183,053	115,779	118,314
Total Operating Expenses	<u>13,522,468</u>	<u>13,238,325</u>	<u>7,874,484</u>	<u>7,360,673</u>	<u>3,127,224</u>
Operating Income (Loss)	<u>4,296,335</u>	<u>7,103,262</u>	<u>5,111,790</u>	<u>5,231,152</u>	<u>2,388,125</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>					
Investment Earnings	368,948	194,609	78,316	92,119	49,339
Gain (Loss) on Sale of Capital Assets	226,917	-	90,808	15,179	91,000
Donations / Grants	-	-	-	-	-
Bond Issuance Costs	-	(254,244)	-	(85,221)	-
Impact Fee Expenditures	(1,055,688)	(1,064,966)	(198,953)	(433,339)	(23,788)
Interest Expense	(963,322)	(398,628)	(236,333)	(39,673)	(110,015)
Total Nonoperating Revenues & Expenses	<u>(1,423,145)</u>	<u>(1,523,229)</u>	<u>(266,162)</u>	<u>(450,935)</u>	<u>6,536</u>
Income (Loss) before Transfers and Contributions	2,873,190	5,580,033	4,845,628	4,780,217	2,394,661
Contributions - Impact Fees & Developers	1,303,497	1,948,777	646,256	1,420,572	262,653
Investments - FMV Change	(246,667)	114,702	(117,932)	58,566	(16,940)
Transfers In	176,811	174,571	-	-	-
Transfers Out	(975,960)	(969,610)	(228,606)	(221,666)	(327,733)
Change in Net Position	3,130,871	6,848,473	5,145,346	6,037,689	2,312,641
Total Net Position - Beginning	74,835,175	67,986,702	46,354,030	40,316,341	25,625,416
Total Net Position - Ending	<u>\$ 77,966,046</u>	<u>\$ 74,835,175</u>	<u>\$ 51,499,376</u>	<u>\$ 46,354,030</u>	<u>\$ 27,938,057</u>

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

Storm Water 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
\$ 5,207,126	\$ 8,685,441	\$ 6,417,962	\$ 42,527,670	\$ 42,479,898	\$ 7,519,719
93,842	150,697	168,185	2,628,894	2,340,629	7,458
5,300,968	8,836,138	6,586,147	45,156,564	44,820,527	7,527,177
858,723	1,764,746	1,314,972	6,657,283	6,425,072	2,993,283
282,510	771,719	668,835	2,945,385	2,676,047	4,710,959
351,587	329,129	315,057	2,996,701	2,922,278	-
8,462	541,742	458,702	2,035,168	1,757,799	448,272
445,018	3,822,828	3,789,421	10,229,639	9,814,508	-
5,900	-	399	39,262	50,496	10,876
21,542	25,032	25,232	605,248	605,070	-
29,316	-	-	153,768	153,768	-
867,618	130,390	200,980	5,696,532	5,597,351	76,931
59,070	104,248	84,201	655,024	384,154	-
2,929,746	7,489,834	6,857,799	32,014,010	30,386,543	8,240,321
2,371,222	1,346,304	(271,652)	13,142,554	14,433,984	(713,144)
43,316	19,717	17,086	516,320	347,130	-
6,154	5,712	(145,337)	414,437	(124,004)	972
-	-	-	-	-	-
(15,328)	-	-	-	(354,793)	-
-	-	-	(1,278,429)	(1,498,305)	-
(71,409)	-	-	(1,309,670)	(509,710)	(30)
(37,267)	25,429	(128,251)	(1,657,342)	(2,139,682)	942
2,333,955	1,371,733	(399,903)	11,485,212	12,294,302	(712,202)
385,179	-	-	2,212,406	3,754,528	-
7,189	-	-	(381,539)	180,457	-
-	67,000	400,416	243,811	574,987	-
(319,683)	(516,314)	(557,537)	(2,048,613)	(2,068,496)	(77,192)
2,406,640	922,419	(557,024)	11,511,277	14,735,778	(789,394)
23,218,776	6,318,444	6,875,468	153,133,065	138,397,287	4,475,815
\$ 25,625,416	\$ 7,240,863	\$ 6,318,444	\$ 164,644,342	\$ 153,133,065	\$ 3,686,421

**City of Orem**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2022**

	Business-type Activities · Enterprise Funds			
	Water Fund Current Year	Water Fund Prior Year	Water Reclamation Fund Current Year	Water Reclamation Fund Prior Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 17,653,594	\$ 20,389,327	\$ 12,954,273	\$ 12,609,123
Receipts from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(6,973,763)	(6,823,180)	(3,156,226)	(2,215,334)
Payments for Personnel	(2,508,076)	(2,539,835)	(2,056,626)	(2,245,281)
Payments for Interfund Services Used	(1,448,462)	(1,428,617)	(851,767)	(827,017)
Net Cash Provided (Used) by Operating Activities	<u>6,723,293</u>	<u>9,597,695</u>	<u>6,889,654</u>	<u>7,321,491</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Investments · FMV Change	(246,667)	114,702	(117,932)	58,566
Transfers In	176,811	174,571	-	-
Transfers Out	(975,960)	(969,610)	(228,606)	(221,666)
Net Cash Provided (Used) by Noncapital Activities	<u>(1,045,816)</u>	<u>(680,337)</u>	<u>(346,538)</u>	<u>(163,100)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(5,637,528)	(3,693,228)	(5,840,464)	(2,427,604)
Proceeds from Sales of Capital Assets	252,350	-	90,808	17,275
Receipts from Impact Fees Collected	988,527	1,318,087	558,476	530,948
Payments to Developers · Impact Fees	(1,055,688)	(1,064,966)	(198,953)	(433,339)
Proceeds from Bonds Issued	-	25,193,606	-	15,043,793
Bond Issuance Costs	-	(254,244)	-	(85,221)
Principal paid on Outstanding Debt	(1,078,374)	(1,059,754)	(594,000)	(7,137,000)
Interest paid on Outstanding Debt	(889,354)	(288,730)	(211,273)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,420,067)</u>	<u>20,150,771</u>	<u>(6,195,406)</u>	<u>5,508,852</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment Earnings	368,948	194,609	78,316	92,119
Net Cash Provided (Used) by Investing Activities	<u>368,948</u>	<u>194,609</u>	<u>78,316</u>	<u>92,119</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,373,642)	29,262,738	426,026	12,759,362
Cash and Cash Equivalents · Beginning of Year	61,552,639	32,289,901	31,335,511	18,576,149
Cash and Cash Equivalents · End of Year	<u>\$ 60,178,997</u>	<u>\$ 61,552,639</u>	<u>\$ 31,761,537</u>	<u>\$ 31,335,511</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 4,296,335	\$ 7,103,262	\$ 5,111,790	\$ 5,231,152
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 2,732,010	\$ 2,725,683	\$ 1,870,702	\$ 1,803,070
(Increase) Decrease in Receivables	(197,054)	(68,413)	(32,001)	17,298
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Prepays	-	-	-	-
(Increase) Decrease in Pension Assets	(496,033)	241,653	(1,323,346)	63,171
Increase (Decrease) in Accounts Payable	169,564	(14,405)	210,277	542,940
Increase (Decrease) in Customer Deposits	12,591	(3,815)	-	-
Increase (Decrease) in Accrued Liabilities	(91,989)	19,732	92,268	3,865
Increase (Decrease) in Unearned Revenue	31,845	116,153	-	-
Increase (Decrease) in Accrued Vacation Leave	(22,550)	25,179	(18,889)	1,995
Increase (Decrease) in Pension Liabilities	288,574	(547,334)	978,853	(342,000)
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	<u>2,426,958</u>	<u>2,494,433</u>	<u>1,777,864</u>	<u>2,090,339</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,723,293</u>	<u>\$ 9,597,695</u>	<u>\$ 6,889,654</u>	<u>\$ 7,321,491</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Contributions of Capital Assets from Developers	\$ 314,970	\$ 630,690	\$ 87,780	\$ 889,624

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

Storm Water Fund Current Year	Storm Water Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities Internal Service Funds
\$ 5,483,948	\$ 5,269,954	\$ 8,843,570	\$ 7,377,292	\$ 44,935,385	\$ 45,645,696	\$ -
(995,185)	(771,887)	(5,254,641)	(4,975,839)	(16,379,815)	(14,786,240)	7,527,177
(1,129,392)	(1,003,471)	(1,922,951)	(1,318,912)	(7,617,045)	(7,107,499)	(3,927,918)
(367,343)	(351,587)	(329,129)	(315,057)	(2,996,701)	(2,922,278)	(3,442,856)
2,992,028	3,143,009	1,336,849	767,484	17,941,824	20,829,679	156,403
(16,940)	7,189	-	-	(381,539)	180,457	-
-	-	67,000	400,416	243,811	574,987	-
(327,733)	(319,683)	(516,314)	(557,537)	(2,048,613)	(2,068,496)	(77,192)
(344,673)	(312,494)	(449,314)	(157,121)	(2,186,341)	(1,313,052)	(77,192)
(1,756,023)	(1,925,720)	(980,895)	(71,134)	(14,214,910)	(8,117,686)	(77,933)
99,517	12,445	5,712	6,432	448,387	36,152	972
153,313	227,889	-	-	1,700,316	2,076,924	-
(23,788)	-	-	-	(1,278,429)	(1,498,305)	-
-	2,015,612	-	-	-	42,253,011	-
-	(15,328)	-	-	-	(354,793)	-
(411,626)	(403,246)	-	-	(2,084,000)	(8,600,000)	(7,123)
(93,551)	(51,338)	-	-	(1,194,178)	(340,068)	(30)
(2,032,158)	(139,686)	(975,183)	(64,702)	(16,622,814)	25,455,235	(84,114)
49,339	43,316	19,717	17,086	516,320	347,130	-
49,339	43,316	19,717	17,086	516,320	347,130	-
664,536	2,734,145	(67,931)	562,747	(351,011)	45,318,992	(4,903)
11,223,767	8,489,622	4,644,750	4,082,003	108,756,667	63,437,675	4,928,348
\$ 11,888,303	\$ 11,223,767	\$ 4,576,819	\$ 4,644,750	\$ 108,405,656	\$ 108,756,667	\$ 4,923,445
\$ 2,388,125	\$ 2,371,222	\$ 1,346,304	\$ (271,652)	\$ 13,142,554	\$ 14,433,984	\$ (713,144)
\$ 963,430	\$ 867,618	\$ 130,390	\$ 200,980	\$ 5,696,532	\$ 5,597,351	\$ 76,931
(31,401)	(31,014)	5,468	(55,068)	(254,988)	(137,197)	-
-	-	-	-	-	-	(62,959)
-	-	-	-	-	-	56,332
(572,915)	128,134	40,034	60,518	(2,352,260)	493,476	(1,622,463)
(119,681)	79,931	12,174	38,635	272,334	647,101	94,034
-	-	-	-	12,591	(3,815)	-
(36,619)	6,873	(93,660)	82,635	(130,000)	113,105	(109,145)
-	-	1,964	846,213	33,809	962,366	-
10,015	13,855	(41,619)	6,350	(73,043)	47,379	(29,259)
391,074	(293,610)	(64,206)	(141,127)	1,594,295	(1,324,071)	1,202,149
-	-	-	-	-	-	1,263,927
603,903	771,787	(9,455)	1,039,136	4,799,270	6,395,695	869,547
\$ 2,992,028	\$ 3,143,009	\$ 1,336,849	\$ 767,484	\$ 17,941,824	\$ 20,829,679	\$ 156,403
\$ 109,340	\$ 157,290	\$ -	\$ -	\$ 512,090	\$ 1,677,604	\$ -

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**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. **Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

The City of Orem was incorporated in 1919 and covers approximately 18.66 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 Annual Comprehensive Financial Report (ACFR). The City is considered to be financially accountable for an organization if the City appoints a voting majority of the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if the organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City).

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

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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



City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The City reports the following major governmental funds:

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

- The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities and equipment of the City of Orem (other than those financed by proprietary funds) as well as the use of resources for the improvement, rehabilitation, or construction of roads (including sidewalks and intersections) and parks.

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 Water Fund* accounts for the operation and maintenance of the City's storm water 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 *Information Technology Fund* accounts for the technological needs of the City primarily related to computers, networks, servers, software programs, and phones.
- The *Facilities Maintenance Fund* accounts for the costs of operating, repairing, and maintaining City owned facilities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

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 having 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 in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. 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.

Cash equivalents are defined as short-term, highly liquid investments 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.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

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 Water, 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. Leases Receivable

The City leases certain city property and recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated rate of return on investments as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

4. Inventories and Prepaid Items

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

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

5. 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 and/or appropriations collected for very specific uses under state law.

6. Net Pension Assets

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

7. Capital Assets

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

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

7. Capital Assets (continued)

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

Assets	Years
Infrastructure	33 - 50
Buildings and Systems	25 - 33 <sup>1</sup> / <sub>3</sub>
Machinery, Equipment, & Vehicles	5 - 20
Furniture and Equipment	5 - 20
Improvements other than Buildings	5 - 10

8. Deferred Outflows of Resources

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

9. Compensated Absences

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

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

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

Employees are limited to two years of accumulated vacation leave. Employees earn twelve days of sick leave per year. While sick leave may be accumulated without limitation, no benefits accrue to the employees. Therefore, no liability exists and the costs of accumulated sick leave are charged to expenditures only when used.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

*10. Pensions*

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

*11. Leases Payable*

The City is a lessee of certain equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably expected to exercise.

The City monitors changes in circumstances and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

*12. Long-term Obligations*

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

*11. Deferred Inflows of Resources*

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

*12. Fund Balance / Net Position*

Fund Balance

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

Net Position

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

*13. Contributions from Developers*

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



City of Orem  
Notes to the Financial Statements  
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

E. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting 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 used in governmental activities are purchased or constructed, the cost of these capital 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	\$ 345,488,556
Accumulated Depreciation	(153,275,411)
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 192,213,145

Long-term Liability 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, 2022 were as follows:

City of Orem  
Notes to the Financial Statements  
June 30, 2022

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)

<u>Long-term Liability Type</u>	
General Obligation Bonds	\$ 27,655,000
Leases	4,582,184
Less: Internal Service Funds - Current Portion	(1,100)
Sales Tax Revenue Bonds	253,000
Notes Payable	339,930
Bond Premiums Deferred	3,462,580
Compensated Absences	2,597,198
Less: Internal Service Funds - Current Portion	(158,868)
Net OPEB Liability	61,379
Claims and Judgments	2,165,465
Less: Internal Service Funds - Current Portion	(575,802)
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 40,380,966

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 the 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, 2022

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

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

Principal payments:	
General Obligation Bonds	\$ 1,000,000
Sales Tax Revenue Bonds	243,000
Leases	455,000
Notes Payable	115,000
Subtotal	1,813,000
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>	
	\$ 1,813,000

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 1<sup>st</sup>. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1<sup>st</sup> and June 22<sup>nd</sup>, the City Council reviews and adjusts the proposed budget. On or before June 22<sup>nd</sup>, a public hearing is held and the budget is legally adopted through passage of an ordinance, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 31<sup>st</sup>, 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.

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

3. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

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 1<sup>st</sup> and delinquent after November 30<sup>th</sup> 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. All fees due and payable to the City at June 30 have been accrued.

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). The State of Utah Money Management Council has the responsibility to advise the Utah State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State of Utah, and review the rules adopted under the authority of the Utah Money Management Act that relate to the deposit and investment of public funds.

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

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.

Deposits

The City's deposits (including cash on hand) at June 30, 2022, are as follows:

Cash on Hand & On Deposit	Fair Value
Cash on Hand	\$ 39,571
Cash on Deposit - Checking	20,697,956
Cash on Deposit - Payroll	38,675
Total Cash on Hand & On Deposit	\$ 20,776,202

*Custodial Credit Risk*

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. 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, 2022, \$20,974,358 of the City's bank balance of \$21,274,358 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2022, is \$20,776,202.

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 non-negotiable 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; 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), and Federal National Mortgage Association (Fannie 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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

*Fair Value of Investments*

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, the City had the following recurring fair value measurements:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Debt Securities:</b>				
Utah Public Treasurer's Investment Fund	\$ 177,878,898	\$ -	\$ 177,878,898	\$ -
Zions Bank Inst. Liquidity Management Fund	10,709,792	10,709,792	-	-
Moreton Asset Management Fund	12,142,721	12,142,721	-	-
Total Debt Securities	<u>200,731,411</u>	<u>22,852,513</u>	<u>177,878,898</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 200,731,411</u>	<u>\$ 22,852,513</u>	<u>\$ 177,878,898</u>	<u>\$ -</u>
Total Investments Measured at Fair Value	<u>\$ 200,731,411</u>			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Utah Public Treasurers' Investment Fund – Application of the June 30, 2022, fair value factor, as calculated by the Utah State Treasurer, to the City's ending balance in the Fund.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates 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 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. The Act further limits the remaining term to maturity on all investments in obligations of the U.S. Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State of Utah to five (5) years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three (3) years.

The City's investments at June 30, 2022, are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<b>Debt Securities:</b>					
Utah Public Treasurer's Investment Fund	\$ 177,878,898	\$ 177,878,898	\$ -	\$ -	\$ -
Zions Bank Inst. Liquidity Management Fund	10,709,792	3,201,271	7,508,521	-	-
Moreton Asset Management Fund	12,142,721	2,832,152	9,310,569	-	-
<b>Total Debt Securities</b>	<b>\$ 200,731,411</b>	<b>\$ 183,912,321</b>	<b>\$ 16,819,090</b>	<b>\$ -</b>	<b>\$ -</b>

*Credit Risk*

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.

The City's debt investments ratings at June 30, 2022, are presented below:

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<b>Debt Securities:</b>					
Utah Public Treasurer's Investment Fund	\$ 177,878,898	\$ -	\$ -	\$ -	\$ 177,878,898
Zions Bank Inst. Liquidity Management Fund	10,709,792	4,051,741	740,542	5,863,598	53,911
Moreton Asset Management Fund	12,142,721	794,697	1,533,586	7,849,946	1,964,492
<b>Total Debt Securities</b>	<b>\$ 200,731,411</b>	<b>\$ 4,846,438</b>	<b>\$ 2,274,128</b>	<b>\$ 13,713,544</b>	<b>\$ 179,897,301</b>

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, 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, 2022, 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 \$10,709,792 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 \$12,142,721 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.

*Concentration of Credit Risk*

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 five percent (5%) and ten percent (10%) 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, 2022, were with the Utah PTIF and therefore, are not categorized as to concentration of credit risk.



City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

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 and Managed Investment Funds

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, 2022

4. Detailed Notes for all Funds (continued)

B. External Investment Pools and Managed Investment Funds (continued)

External Investment Pools (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, 2021) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2022, the City had \$178,616,840 invested in the PTIF which had a fair value of \$177,878,898 for an unrealized loss of \$737,942.

The following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	68.24 %
Money Market Accounts and Certificates of Deposit	19.77 %
U.S. Government Securities	11.99 %
Total	100.00 %

Managed Investment Funds

*Zions Bank Institutional Liquidity Management Fund (ILM)*

The City invests in this managed investment fund 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.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

B. External Investment Pools and Managed Investment Funds (continued)

Managed Investment Funds (continued)

As of June 30, 2022, the City had \$10,947,332 invested in the ILM which had a fair value of \$10,709,792 for an unrealized loss of \$237,540.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	54.68 %
Money Market Accounts and Certificates of Deposit	7.50 %
U.S. Government Securities	37.82 %
Total	100.00 %

*Moreton Asset Management Fund*

The City invests in this managed investment fund 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, 2022, the City had \$12,373,916 invested in the Moreton Asset Management Fund which had a fair value of \$12,142,721 for an unrealized loss of \$231,195.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	49.97 %
Money Market Accounts and Certificates of Deposit	45.15 %
U.S. Government Securities	4.88 %
Total	100.00 %

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

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, 2022, as summarized below, has been shown in the government-wide Statement of Net Position as follows:

Housing Rehabilitation Loans	\$ 217,859
Business Development Loans	<u>91,272</u>
Total	<u>\$ 309,131</u>

E. Receivables

All receivables are expected to be collected within one year except for \$2,799,890 of leases receivable in the Capital Projects Fund and \$462,071 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.

As of June 30, 2022, the various components of *deferred* and *unearned revenues* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes Receivable	\$ 9,385,476	\$ 9,385,476
Accounts, Notes & Leases Receivable	3,287,250	2,886,488
Donations and Other Funds to be Used for Specific Programs	-	17,184,680
Grant & Other Money Used in Revolving Loan Programs	309,132	-
Special Assessments not yet Due	34,368	-
Total Deferred & Unearned Revenues for Governmental Funds	<u>\$ 13,016,226</u>	<u>\$ 29,456,644</u>

Receivables as of June 30, 2022, 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, 2022

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

	<u>Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Total Receivables</u>
<u>Governmental Activities</u>			
General:			
Property Taxes	\$ 5,750,000	\$ -	\$ 5,750,000
Other Taxes	6,529,919	-	6,529,919
Special Assessments	33,741	-	33,741
Intergovernmental	1,116,703	-	1,116,703
Accounts	955,280	(2,370)	952,910
	<u>14,385,643</u>	<u>(2,370)</u>	<u>14,383,273</u>
Debt Service:			
Property Taxes	2,285,476	-	2,285,476
Notes Receivable	39,851,171	(39,851,171)	-
	<u>42,136,647</u>	<u>(39,851,171)</u>	<u>2,285,476</u>
Capital Projects:			
Intergovernmental	5,301	-	5,301
Leases Receivable	2,886,488	-	2,886,488
	<u>2,891,789</u>	<u>-</u>	<u>2,891,789</u>
Nonmajor Funds:			
Property Taxes	1,350,000	-	1,350,000
Other Taxes	1,060,692	-	1,060,692
Intergovernmental	141,948	-	141,948
Notes Receivable	606,573	(91,746)	514,827
Accounts	4,250	-	4,250
	<u>3,163,463</u>	<u>(91,746)</u>	<u>3,071,717</u>
Subtotal - Governmental Activities	<u>62,577,542</u>	<u>(39,945,287)</u>	<u>22,632,255</u>
<u>Business-type Activities</u>			
Water:			
Accounts	2,724,429	(20,583)	2,703,846
Water Reclamation:			
Accounts	1,354,954	(12,834)	1,342,120
Storm Water:			
Accounts	551,999	(5,446)	546,553
Nonmajor Funds:			
Accounts	598,502	(5,866)	592,636
Subtotal - Business-type Activities	<u>5,229,884</u>	<u>(44,729)</u>	<u>5,185,155</u>
Totals	<u>\$ 67,807,426</u>	<u>\$ (39,990,016)</u>	<u>\$ 27,817,410</u>

Leases Receivable

The City leases certain properties to third parties. As of June 30, 2022, the City's receivable for lease payments is shown on the governmental funds balance sheet and the government-wide statement of net position. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. A general description of the lease agreements follows:

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

C. Receivables (continued)

Leases Receivable (continued)

The City has lease agreements with several cell tower companies who lease city property in order to locate and construct their cell tower facilities. All of the leases except the AT&T lease (which had an initial term of ten (10) years) have initial terms of five (5) years with options to extend for up to four additional five (5) year terms. In accordance with the provisions of GASB No. 87, the leases were retroactively measured and a discount rate of 1% was applied. Detailed information related to each of these leases is as follows:

On January 19, 1999, the City of Orem, as lessor, entered into a cell tower lease agreement with Verizon Wireless, the lessee, for property located at 745 South State Street. The lease, including extensions, will end on January 19, 2024. The lease payment is due annually and the city received \$22,182 for the fiscal year ended June 30, 2022.

On September 14, 1999, the City of Orem, as lessor, entered into a cell tower lease agreement with Sprint Spectrum, the lessee, for property located at 233 East Center Street. The lease, including extensions, will end on September 14, 2024. The lease payment is due annually and the city received \$22,182 for the fiscal year ended June 30, 2022.

On December 11, 2000, the City of Orem, as lessor, entered into a cell tower lease agreement with Crown Castle, the lessee, for property located at 969 East 200 North. The lease, including extensions, will end on December 11, 2025. The lease payment is due annually and the city received \$59,154 for the fiscal year ended June 30, 2022.

On February 12, 2018, the City of Orem, as lessor, renewed a cell tower lease agreement with SBA 2012 TC Assets LLC, the lessee, for property located at 920 North 1200 East. The renewed lease maintains the original lease term that ends on July 13, 2024 but begins a new initial term on July 14, 2024 and ending on July 13, 2049. The lease payment is due annually and the city received \$30,760 for the fiscal year ended June 30, 2022.

On January 2, 2019, the City of Orem, as lessor, renewed a cell tower lease agreement with SBA 2012 TC Assets LLC, the lessee, for property located at 701 South State Street. The renewed lease's initial term will begin December 16, 2022 and end on December 15, 2047. The lease payment is due annually and the city received \$30,760 for the fiscal year ended June 30, 2022.

On December 14, 2020, the City of Orem purchased property from the Alpine School District at 605 East 1400 South which included a cell tower and associated lease with AT&T, the lessee. The lease was transferred to the City of Orem, the lessor, with the same remaining term and payment amounts. The original lease term began on March 22, 2002 and, including extensions, will end on March 21, 2032. The lease payment is due annually and the city received \$26,293 for the fiscal year ended June 30, 2022.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 72,551,355	\$ 19,100	\$ -	\$ 72,570,455
Intangibles	88,548	-	-	88,548
Construction in Progress	30,226,670	2,159,236	(30,560,016)	1,825,890
Total Capital Assets, not being depreciated	<u>102,866,573</u>	<u>2,178,336</u>	<u>(30,560,016)</u>	<u>74,484,893</u>
Capital Assets, being depreciated:				
Buildings and Systems	42,428,099	28,071,566	-	70,499,665
Improvements other than Buildings	40,920,396	2,123,911	-	43,044,307
Machinery and Equipment	25,123,124	4,192,578	(752,398)	28,563,304
Infrastructure	127,468,399	1,400,046	-	128,868,445
Total Capital Assets, being depreciated	<u>235,940,018</u>	<u>35,788,101</u>	<u>(752,398)</u>	<u>270,975,721</u>
Less Accumulated Depreciation for:				
Buildings and Systems	(24,020,188)	(1,371,492)	-	(25,391,680)
Improvements other than Buildings	(26,576,888)	(1,578,181)	-	(28,155,069)
Machinery and Equipment	(17,160,474)	(2,013,258)	633,413	(18,540,319)
Infrastructure	(78,365,189)	(2,795,212)	-	(81,160,401)
Total Accumulated Depreciation	<u>(146,122,739)</u>	<u>(7,758,143)</u>	<u>633,413</u>	<u>(153,247,469)</u>
Total Capital Assets, being depreciated, net	<u>89,817,279</u>	<u>28,029,958</u>	<u>(118,985)</u>	<u>117,728,252</u>
Governmental Activities Capital Assets, net	<u>\$ 192,683,852</u>	<u>\$ 30,208,294</u>	<u>\$ (30,679,001)</u>	<u>\$ 192,213,145</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning		Decreases	Ending
	Balance	Increases		Balance
<u>Business-type Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 6,481,577	\$ 14,930	\$ -	\$ 6,496,507
Intangibles	1,214,690	-	-	1,214,690
Construction in Progress	2,746,287	8,939,756	(3,746,758)	7,939,285
Total Capital Assets, not being depreciated	10,442,554	8,954,686	(3,746,758)	15,650,482
Capital Assets, being depreciated:				
Buildings and Systems	6,189,764	-	-	6,189,764
Improvements other than Buildings	11,806,755	92,513	-	11,899,268
Machinery and Equipment	13,346,088	925,134	(728,749)	13,542,473
Infrastructure	140,513,430	8,501,425	-	149,014,855
Total Capital Assets, being depreciated	171,856,037	9,519,072	(728,749)	180,646,360
Less Accumulated Depreciation for:				
Buildings and Systems	(5,472,244)	(91,808)	-	(5,564,052)
Improvements other than Buildings	(7,535,910)	(536,627)	-	(8,072,537)
Machinery and Equipment	(8,701,115)	(1,011,386)	690,148	(9,022,353)
Infrastructure	(62,397,812)	(4,056,711)	-	(66,454,523)
Total Accumulated Depreciation	(84,107,081)	(5,696,532)	690,148	(89,113,465)
Total Capital Assets, being depreciated, net	87,748,956	3,822,540	(38,601)	91,532,895
Business-type Activities Capital Assets, net	\$ 98,191,510	\$ 12,777,226	\$ (3,785,359)	\$ 107,183,377



City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

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

	Depreciation Expense
<u>Governmental Activities</u>	
General Government	\$ 332,648
Public Safety	1,576,949
Highway and Streets	3,786,971
Parks, Recreation and Arts	1,749,782
Redevelopment	100,021
Economic and Physical Development	134,841
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	76,931
Subtotal - Governmental Activities	7,758,143
<u>Business-type Activities</u>	
Water	2,732,010
Water Reclamation	1,870,702
Storm Water	963,430
Recreation	20,342
Street Lighting	110,048
Subtotal - Business-type Activities	5,696,532
Total Depreciation Expense	\$ 13,454,675

Construction Commitments

The City has active construction projects as of June 30, 2022. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, water, water reclamation, and storm water 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:

Project	Spent-to- Date	Remaining Commitment
Water Systems Improvements	\$ 7,053,637	\$ 34,164,741
Street Construction and Improvements	4,995,431	4,356,273
Public Facility Construction & Improvements	27,674	2,494,996
Park and Recreation Improvements	302,779	1,379,447
Water Reclamation Improvements	5,138,607	10,585,423
Storm Water Improvements	2,428,867	6,011,341
Total	\$ 19,946,995	\$ 58,992,221

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

G. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Interfund Transfers

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations.

Fiscal year interfund transfers are as follows:

Transfers Out	Transfers In					Total
	General Fund	Debt Service Fund	Capital Projects Fund	Water Fund	Recreation Fund	
<b>Major Funds:</b>						
General	\$ -	\$ 3,875,800	\$ 5,725,000	\$ -	\$ -	\$ 9,600,800
Debt Service	-	-	-	-	-	-
Water	975,960	-	-	-	-	975,960
Water Rclmtn	71,295	-	-	157,311	-	228,606
Storm Water	308,233	-	-	19,500	-	327,733
<b>Nonmajor Governmental Funds:</b>						
CARE Tax	36,750	-	-	-	-	36,750
Redevelopment	631,731	-	-	-	-	631,731
Orem Fndtn Tr.	10,122	-	250,000	-	67,000	327,122
Community Dev.	109,183	-	-	-	-	109,183
Senior Citizens	22,500	-	-	-	-	22,500
<b>Nonmajor Enterprise Funds:</b>						
Recreation	72,454	-	-	-	-	72,454
Solid Waste	73,582	-	-	-	-	73,582
Sreet Lighting	82,175	288,103	-	-	-	370,278
<b>Internal Service Funds:</b>						
Fleet Maint.	77,192	-	-	-	-	77,192
<b>Total</b>	<b>\$ 2,471,177</b>	<b>\$ 4,163,903</b>	<b>\$ 5,975,000</b>	<b>\$ 176,811</b>	<b>\$ 67,000</b>	<b>\$ 12,853,891</b>

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 Agency (URMA) - The City provides for its general liability risks and worker's compensation through a joint protection agreement

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

with URMA. During the year ended June 30, 2022, the City paid premiums of approximately \$234,000 to URMA.

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, 2022, the City paid solid waste tipping fees of approximately \$965,000 to NPSWSSD. The City's waste, by weight, represents approximately 25% of all of the solid waste processed by NPSWSSD.

North Utah Valley Animal Services Special Service District (NUVAS) - The Utah County Board of Commissioners ("The Commission) created the district. The Commission delegated all powers to manage the district to an Administrative Control Board which has three members appointed by the Commission and a member from each of the fourteen participating cities. Each participating city delivers stray, homeless, endangered, injured or other animals to the district's shelter facility. NUVAS is charged with identifying and/or locating the animal's rightful owner. Personnel of the district also evaluate, house, treat and/or humanely dispose of any animal brought to them by the City. NUVAS also handles all licensing and licensing renewals. During the year ended June 30, 2022, the City paid participation fees of approximately \$129,000 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, 2022, the City paid UTOPIA approximately \$33,000 in customer service fees. The City also paid \$3,355,337 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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

June 30, 2022, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$64,000 to UIA.

I. Leases Payable

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 allowing the City Council the option of terminating the lease agreement at the end of any fiscal year. In the opinion of City management, the likelihood of this clause being exercised is remote.

The following is a schedule, by year, of future minimum lease payments of all leases as well as the present value of the net minimum lease payments as of June 30, 2022:

Year ending June 30,	Governmental Activities
2023	\$ 555,689
2024	555,033
2025	556,164
2026	556,222
2027	556,915
2028-2032	2,233,530
2033-2037	6,825
2038-2042	2,059
Total minimum lease payments	5,022,437
Less: Amount representing interest	(440,253)
Present value of net minimum lease payments	\$ 4,582,184

Equipment and related accumulated depreciation under leases is as follows:

	Governmental Activities
Cost of Equipment	\$ 6,225,368
Accumulated Depreciation	(1,160,036)
Difference	\$ 5,065,332

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 \$34,145,000.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

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

General obligation bonds outstanding at June 30, 2022, are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2014 Road Construction-Refunding	0.25% to 3.00%	\$ 3,155,000
2019 Public Facilities Construction	3.625% to 5.00%	24,500,000
Total		<u>\$ 27,655,000</u>

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	
2023	\$ 1,025,000	\$ 1,259,425	\$ 2,284,425
2024	1,050,000	1,230,863	2,280,863
2025	1,080,000	1,201,613	2,281,613
2026	440,000	1,177,113	1,617,113
2027	480,000	1,154,112	1,634,112
2028-2032	3,035,000	5,377,813	8,412,813
2033-2037	4,340,000	4,502,562	8,842,562
2038-2042	6,085,000	3,208,938	9,293,938
2043-2047	8,350,000	1,415,812	9,765,812
2048-2052	1,770,000	32,081	1,802,081
Totals	<u>\$ 27,655,000</u>	<u>\$ 20,560,332</u>	<u>\$ 48,215,332</u>

Revenue Bonds

All of the City's water and storm sewer/water, 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 page 171.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

The City has the following revenue bonds outstanding at June 30, 2022:

*Water and Storm Sewer Revenue Bonds – Series 2005B*

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 water 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, 2022, is \$672,000.

*Water and Storm Sewer Revenue Refunding Bonds – Series 2013*

In July of 2013, the City issued revenue refunding bonds of \$12,801,000 through private placement. The proceeds were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Series 2005A water and storm sewer revenue bonds. The terms of the bond contract require principal payable annually commencing in July 2014 and interest payable semi-annually in January and July through July 2025. The interest rate is fixed at 2.18%. Outstanding principal at June 30, 2022, is \$5,196,000.

*Water and Storm Sewer Revenue Refunding Bonds – Series 2016*

In October of 2016, the City issued revenue refunding bonds of \$4,380,000 through a public offering. The proceeds were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Series 2008 water and storm sewer revenue bonds. The terms of the bond contract require principal payable annually commencing in July 2019 and interest payable beginning in January 2017 and payable semi-annually through July 2028. The interest rate varies between 2.00% and 4.50%. Outstanding principal at June 30, 2022, is \$4,080,000.

*Sales Tax Revenue Refunding Bonds – Series 2017*

In February of 2017, the City issued sales tax revenue refunding bonds of \$2,898,000 through a public offering. The proceeds were placed in a trust account and used to pay the remaining outstanding principal balance of the Series 2007 sales tax revenue refunding bonds. The terms of the bond contract require principal payable annually commencing in April 2018 with interest payable semi-annually in April and October through April 2023. The interest rate is fixed at 1.94%. Outstanding principal at June 30, 2022, is \$253,000.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Water, Sewer & Storm Water Revenue Bonds – Series 2021A

In April of 2021, the City issued revenue bonds of \$29,320,000 through a public offering for improvements to the City's water, sewer and storm sewer systems. The terms of the bond contract require principal payable annually commencing in July 2022 and interest payable semi-annually in January and July through July 2046. The interest rate varies between 3.00% and 5.00%. Outstanding principal at June 30, 2022, is \$29,320,000.

Water, Sewer & Storm Water Revenue Refunding Bonds – Series 2021B

In April of 2021, the City issued revenue parity bonds simultaneously with the Series 2021A bonds. The parity bonds were used to refinance the 2010 Water Quality Revenue Bonds issued through the State of Utah's Department of Environmental Quality. The new parity bonds maintain the same contract terms as the originally issued bonds which required principal to be paid annually in February until 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, 2022, is \$5,949,000.

Revenue bonds currently outstanding at June 30, 2022, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	1.94%	\$ 253,000
Business-type Activities:		
Water	1.48%-5.00%	28,891,301
Wastewater Treatment	0.00%-5.00%	12,929,000
Storm Water	1.48%-5.00%	3,396,699
		<u>45,217,000</u>
Total		<u>\$ 45,470,000</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2022

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	
2023	\$ 253,000	\$ 4,908	\$ 2,763,000	\$ 1,495,389	\$ 4,516,297
2024	-	-	2,837,000	1,427,776	4,264,776
2025	-	-	2,897,000	1,357,736	4,254,736
2026	-	-	2,970,000	1,285,284	4,255,284
2027	-	-	2,875,000	1,205,475	4,080,475
2028-2032	-	-	9,720,000	4,888,975	14,608,975
2033-2037	-	-	5,695,000	3,679,900	9,374,900
2038-2042	-	-	6,960,000	2,418,000	9,378,000
2043-2047	-	-	8,500,000	876,600	9,376,600
Totals	<u>\$ 253,000</u>	<u>\$ 4,908</u>	<u>\$ 45,217,000</u>	<u>\$ 18,635,135</u>	<u>\$ 64,110,043</u>

Notes Payable

HUD Section 108 Loan

In November of 2005, the City entered into a loan agreement with the Department of Housing and Urban Development (HUD) in the amount of \$1,320,000 to promote, facilitate, and encourage industrial and business development within the City. The terms of the loan agreement require principal payable annually commencing in August 2006 and interest payable semi-annually in February and August through August 2025. The interest rate is variable. Outstanding principal at June 30, 2022, is \$339,930.

Notes payable currently outstanding at June 30, 2022, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan -		
Economic Development	Variable	\$ 339,930
Total		<u>\$ 339,930</u>



City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Notes Payable (continued)

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

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2023	\$ 50,000	\$ 8,396	\$ 58,396
2024	95,000	6,516	101,516
2025	95,000	4,005	99,005
2026	99,930	1,369	101,299
Totals	<u>\$ 339,930</u>	<u>\$ 20,286</u>	<u>\$ 360,216</u>

Changes in Long-term Liabilities

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year ended June 30, 2022, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
General Obligation Bonds	\$ 28,655,000	\$ -	\$ (1,000,000)	\$ 27,655,000	\$ 1,025,000
Revenue Bonds	496,000	-	(243,000)	253,000	253,000
Plus Issuance Premiums	3,672,230	-	(209,650)	3,462,580	207,371
Total Bonds Payable	<u>32,823,230</u>	-	<u>(1,452,650)</u>	<u>31,370,580</u>	<u>1,485,371</u>
Notes Payable	454,930	-	(115,000)	339,930	50,000
Leases Payable	5,044,307	-	(462,123)	4,582,184	466,100
Compensated Absences	2,397,724	372,185	(172,711)	2,597,198	2,467,338
Net Pension Liabilities	3,163,175	-	(3,163,175)	-	-
Other Long-term Liabilities	990,601	1,506,912	(270,669)	2,226,844	605,999
Governmental Activities Long-term Liabilities	<u>\$ 44,873,967</u>	<u>\$ 1,879,097</u>	<u>\$ (5,636,328)</u>	<u>\$ 41,116,736</u>	<u>\$ 5,074,808</u>
<u>Business-type Activities</u>					
Bonds Payable:					
Revenue Bonds	\$ 47,301,000	\$ -	\$ (2,084,000)	\$ 45,217,000	\$ 2,763,000
Plus Issuance Premiums	6,954,917	-	(355,399)	6,599,518	355,399
Total Bonds Payable	<u>54,255,917</u>	-	<u>(2,439,399)</u>	<u>51,816,518</u>	<u>3,118,399</u>
Compensated Absences	396,024	84,112	(157,155)	322,981	306,832
Net Pension Liabilities	167,056	-	(167,056)	-	-
Business-type Activities Long-term Liabilities	<u>\$ 54,818,997</u>	<u>\$ 84,112</u>	<u>\$ (2,763,610)</u>	<u>\$ 52,139,499</u>	<u>\$ 3,425,231</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

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, 2022. 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.

K. Equity Classification

Government-wide and Proprietary Fund Financial Statements

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

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

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.
- 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 current fiscal year's actual 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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

and categories for all governmental funds for the fiscal year ended June 30, 2022. The governmental fund balance classifications and categories at the end of the current fiscal year are as follows:

Governmental Fund Financial Statements (continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds <sup>1</sup>	Total Governmental Funds
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepays	\$ 47,512	\$ -	\$ -	\$ -	\$ 47,512
	47,512	-	-	-	47,512
<b>Restricted:</b>					
Class "C" Roads	6,245,612	-	-	-	6,245,612
Utopia DSR Pledge	3,422,444	-	-	-	3,422,444
Task Force	2,440,929	-	-	-	2,440,929
Parks, Rec., & Arts	-	-	-	4,280,041	4,280,041
Fitness Center	-	-	-	384,450	384,450
Debt Service	-	43,140	-	-	43,140
Street Improvements	-	-	-	3,678,692	3,678,692
Capital Improvements	-	-	19,088	3,622,557	3,641,645
Public Safety Endow.	25,000	-	-	-	25,000
Redevelopment	-	-	-	5,330,478	5,330,478
Community Dev.	-	-	-	539,101	539,101
	12,133,985	43,140	19,088	17,835,319	30,031,532
<b>Assigned:</b>					
Vehicles	361,807	-	-	-	361,807
Public Safety Equip.	1,830,189	-	92,100	-	1,922,289
Public Safety Oper.	192,686	-	-	-	192,686
Fire - Vineyard Station	1,934,601	-	-	-	1,934,601
Library Media Funds	101,344	-	-	-	101,344
Library Equipment	80,371	-	225,335	-	305,706
Library Operations	44,528	-	-	-	44,528
Economic Dev. Funds	94,545	-	-	-	94,545
City Manager Oper.	386,737	-	-	-	386,737
Finance Operations	27,379	-	-	-	27,379
Public Works Oper.	64,394	-	-	-	64,394
Facility Improvements	-	-	1,202,901	-	1,202,901
CARES Act Funds	5,139,549	-	-	-	5,139,549
Street/Street Light Imp.	-	-	1,879,774	-	1,879,774
Park Improvements	-	-	2,201,308	-	2,201,308
Fitness Center	-	-	612,914	-	612,914
City Center	-	-	1,143,796	-	1,143,796
Debt Service	-	1,143,948	-	-	1,143,948
Community Programs	215,169	-	-	6,900	222,069
Murdock Canal	75,654	-	-	-	75,654
Capital Improvements	339,880	-	17,618,870	56,516	18,015,266
Senior Citizen Programs	-	-	-	307,634	307,634
	10,888,833	1,143,948	24,976,998	371,050	37,380,829
Unassigned	22,036,611	-	-	-	22,036,611
<b>Total Fund Balances</b>	<b>\$ 45,106,941</b>	<b>\$ 1,187,088</b>	<b>\$ 24,996,086</b>	<b>\$ 18,206,369</b>	<b>\$ 89,496,484</b>

<sup>1</sup> See pages 120-121 for a breakdown by individual fund

City of Orem  
Notes to the Financial Statements  
June 30, 2022

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 this fund to account for and finance its risks of loss. The City provides coverage for worker's compensation claims through the Workers Compensation Fund of Utah which was effective as of January 1, 2019. 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 Agency (URMA) for liability and claims in excess of coverage provided by the Self-insurance Fund for liability and property claims. While URMA 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, 2022, the outstanding recapture program liability is \$1,724,961. This liability is presented in the changes in long-term liabilities table (page 87) 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, 2022, the estimated reserves liability is \$440,504. This liability is presented in the changes in long-term liabilities table (page 87) as an "other long-term liability". The activity related to pre-January 1, 2019, worker's compensation claims (all retained risk) for the years ended June 30, 2021 and 2022 is as follows:

Year ended June 30,	2021	2022
Claim liability, beginning of year	\$ 330,081	\$ 244,524
Claims incurred during the year	-	-
Changes in estimates of claims of prior periods	59,963	249,364
Payments on claims during the year	(145,520)	(53,384)
Claim liability, end of year	<u>\$ 244,524</u>	<u>\$ 440,504</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, 2022

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 \$3,355,337. 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 \$72,875,663.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

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 previous page) 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.

In May 2011, UIA issued \$29,390,000 in revenue bonds (\$20,275,000 tax exempt and \$9,115,000 taxable). In July 2013, UIA issued \$11,205,000 (all tax exempt) of revenue bonds. In October 2015, UIA issued \$24,295,000 (all tax exempt) of revenue bonds. The total of these bond issuances is \$64,890,000 and they were all refunded with the Series 2017 refunding bonds described below.

In December 2017, UIA issued \$77,405,000 (\$73,905,000 tax exempt and \$3,500,000 taxable) of revenue and refunding bonds. The bonds were issued to refund the Series 2011, 2013, and 2015 bonds and to obtain additional funding for infrastructure. The Series 2017 bonds have principal payments due annually commencing in October 2018 and continuing through October 2040 with interest payments due semi-annually in April and October beginning in April 2018. The interest rate on these bonds varies between 2% and 5%.

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 2022.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans

General Information and Plan Description

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

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

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

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

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

Summary of Retirement Benefits by System

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



City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

Summary of Retirement Benefits by System (continued)

A summary of retirement benefits are as follows:

Retirement System	Final Average Salary	Years of Service required and/or Age Eligible for Benefit	Benefit Percentage Per Year of Service	COLA **
Noncontributory System	Highest 3 Years	30 Years - Any Age 25 Years - Any Age * 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	2% / Yr - All Years	Up to 4%
Contributory System	Highest 5 Years	30 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.25% / Yr to June 1975 or 2% / Yr from July 1975 to the Present	Up to 4%
Public Safety System	Highest 3 Years	20 Years - Any Age 10 Years - Age 60 4 Years - Age 65	2.5% / Yr up to 20 Yrs and 2% / Yr over 20 Yrs	Up to 2.5% or 4.0% Depending on Employer
Firefighters System	Highest 3 Years	20 Years - Any Age 10 Years - Age 60 4 Years - Age 65	2.5% / Yr up to 20 Yrs and 2% / Yr over 20 Yrs	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.5% / Yr - All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.5% / Yr to June 2020 or 2% / Yr from July 2020 to the Present	Up to 2.5%

\* Actuarial reductions apply.

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

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

Contributions

As a condition of participation in the Systems, the City and/or its employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2022 are as follows:

<u>Retirement System</u>	Employee Paid	Employer Paid for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
<u>Noncontributory System</u>				
Local Governmental - Tier 1	N/A	N/A	18.47%	N/A
<u>Contributory System</u>				
Local Governmental - Tier 1	6.00%	N/A	14.46%	N/A
Local Governmental - Tier 2	N/A	N/A	16.07%	0.89%
<u>Public Safety System</u>				
Noncontributory - Tier 1	N/A	N/A	38.97%	N/A
Contributory (74) - Tier 1	10.50%	N/A	28.98%	N/A
Contributory (122) - Tier 2	N/A	2.27%	30.02%	N/A
<u>Firefighters System</u>				
Division B - Tier 1	N/A	16.71%	7.24%	N/A
Division B - Tier 2	N/A	2.27%	14.08%	N/A
<u>Tier 2 DC Only</u>				
Local Governmental	N/A	N/A	6.69%	10.00%
Public Safety	N/A	N/A	16.02%	14.00%
Firefighters	N/A	N/A	0.08%	14.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

Contributions (continued)

For the fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

<u>Retirement System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 1,710,258	N/A
Contributory System	66,834	-
Public Safety System	1,430,902	-
Firefighters System	213,374	-
Tier 2 Public Employees System	923,464	-
Tier 2 Public Safety and Firefighter System	1,094,035	-
Tier 2 DC Only	103,706	N/A
Tier 2 DC Public Safety & Firefighter System	42,562	N/A
Total Contributions	<u>\$ 5,585,135</u>	<u>\$ -</u>

Contributions reported are the URS approved required contributions by the System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2022, the City had a net pension asset of \$22,176,156 and a net pension liability of \$0.

<u>Retirement System</u>	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.1572151%	\$ 6,627,495	\$ -
Contributory System	3.8917187%	2,817,382	-
Public Safety System	7.7844955%	2,787,789	-
Firefighters System	3.6032095%	9,746,409	-
Tier 2 Public Employees System	0.2621427%	110,949	-
Tier 2 Public Safety and Firefighter System	1.7041526%	86,132	-
Total Net Pension Asset / Liability		<u>\$ 22,176,156</u>	<u>\$ -</u>

The net pension asset and liability were measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021, and rolled forward using generally accepted actuarial procedures. The proportion

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

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

of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the year ended June 30, 2022, the City had pension expenses of (\$2,650,844). The following table details this total pension expense by retirement system:

Retirement System	Pension Expense
Noncontributory System	\$ (1,021,884)
Contributory System	(1,013,237)
Public Safety System	566,504
Firefighters System	(2,022,475)
Tier 2 Public Employees System	385,286
Tier 2 Public Safety & Firefighter System	454,962
Total	<u>\$ (2,650,844)</u>

At June 30, 2022, the City had deferred outflows and inflows of resources related to pensions from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
Noncontributory System	\$ 694,159	\$ -
Contributory System	-	-
Public Safety System	1,759,846	-
Firefighters System	246,054	56,252
Tier 2 Public Employees System	53,901	14,295
Tier 2 Public Safety & Firefighter System	73,808	14,150
	<u>2,827,768</u>	<u>84,697</u>
Changes in assumptions:		
Noncontributory System	622,015	42,779
Contributory System	-	-
Public Safety System	485,650	82,036
Firefighters System	589,224	-
Tier 2 Public Employees System	103,451	1,049
Tier 2 Public Safety & Firefighter System	96,654	15,308
	<u>1,896,994</u>	<u>141,172</u>

(table continues on next page)

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

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

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected & actual earnings on pension plan investments:		
Noncontributory System	-	8,923,032
Contributory System	-	2,307,778
Public Safety System	-	6,001,963
Firefighters System	-	5,649,224
Tier 2 Public Employees System	-	274,140
Tier 2 Public Safety & Firefighter System	-	263,269
	-	23,419,406
Changes in proportion and difference between contributions and proportionate share of contributions:		
Noncontributory System	2,375	43,534
Contributory System	-	-
Public Safety System	148,382	14,039
Firefighters System	75,296	-
Tier 2 Public Employees System	59,598	-
Tier 2 Public Safety & Firefighter System	29,978	1,600
	315,629	59,173
Contributions subsequent to the measurement date:		
Noncontributory System	832,575	-
Contributory System	31,786	-
Public Safety System	739,238	-
Firefighters System	106,894	-
Tier 2 Public Employees System	559,025	-
Tier 2 Public Safety & Firefighter System	617,287	-
	2,886,805	-
Total Deferred Outflows / Inflows of Resources:		
Noncontributory System	2,151,124	9,009,345
Contributory System	31,786	2,307,778
Public Safety System	3,133,116	6,098,038
Firefighters System	1,017,468	5,705,476
Tier 2 Public Employees System	775,975	289,484
Tier 2 Public Safety & Firefighter System	817,727	294,327
	<u>\$ 7,927,196</u>	<u>\$ 23,704,448</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

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

Contributions made by the City to URS prior to our fiscal year end but after the measurement date of December 31, 2021, are reported as deferred outflows of resources related to pensions in the amount of \$2,886,805 (see breakdown by retirement system in the previous table). These contributions will be recognized as a reduction of the net pension liability in the following fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ (3,241,740)
2023	(6,402,871)
2024	(5,400,589)
2025	(3,860,838)
2026	33,411
Thereafter	208,570

The following table outlines the net deferred outflows (inflows) of resources that will be recognized in pension expense for each retirement system:

Year Ended Dec. 31,	Non- Contributory System	Contributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety & Firefighter System
2022	\$ (1,497,542)	\$ (557,060)	\$ (30,129)	\$ (1,048,474)	\$ (51,481)	\$ (57,054)
2023	(2,550,931)	(806,251)	(1,276,880)	(1,633,918)	(66,007)	(68,884)
2024	(2,159,730)	(568,723)	(1,394,134)	(1,176,763)	(47,874)	(53,365)
2025	(1,482,592)	(375,744)	(1,003,017)	(935,748)	(27,552)	(36,185)
2026	-	-	-	-	21,466	11,945
Thereafter	-	-	-	-	98,914	109,656

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement period:

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions (continued)

Inflation	2.50%
Salary Increases	3.25% to 9.25%, Average, including Inflation
Investment Rate of Return	6.85%, Net of Pension Plan Investment Expense, including Inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2021. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age, as appropriate with improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees and public safety members, respectively.

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five (5) year period ending December 31, 2019.

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

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.58%	2.43%
Debt Securities	20%	(0.28)%	-0.06%
Real Assets	15%	5.77%	0.87%
Private Equity	12%	9.85%	1.18%
Absolute Return	16%	2.91%	0.47%
Cash and Cash Equivalents	0%	(1.01)%	0.00%
Totals	100%		4.89%
Inflation			2.50%
Expected Arithmetic Nominal Return			7.39%

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions (continued)

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based upon those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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

The proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (5.85%) or 1.00% higher (7.85%) than the current rate is presented in the following table:

<u>Retirement System</u>	1.00% Decrease (5.85%)	Discount Rate (6.85%)	1.00% Increase (7.85%)
Noncontributory System	\$ 3,563,804	\$ (6,627,495)	\$ (15,130,147)
Contributory System	(1,124,062)	(2,817,382)	(4,252,465)
Public Safety System	5,117,299	(2,787,789)	(9,229,180)
Firefighters System	(3,952,938)	(9,746,409)	(14,499,651)
Tier 2 Public Employees System	661,056	(110,949)	(703,688)
Tier 2 Public Safety & Firefighter System	690,994	(86,132)	(703,063)
Total	<u>\$ 4,956,153</u>	<u>\$ (22,176,156)</u>	<u>\$ (44,518,194)</u>

Pension Plan Fiduciary Net Position

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

Funding and Allocation Method

The City used each active URS participating employee's current wage and years of service to calculate a weighted amount. These weighted amounts were used to establish a percentage of each system's total applicable net liability or asset (as provided by URS). Each employee is then assigned their applicable



City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

C. Pension Plans (continued)

Funding and Allocation Method (continued)

amount based upon the prior calculations and grouped according to their job assignment. The total amount for all employees associated with a governmental fund is recorded as a governmental activity in the government-wide statements. Obligations for these employees are generally liquidated through the General Fund. Amounts for all employees associated with a proprietary fund are identified and all associated transactions are recorded within the applicable proprietary fund. Each proprietary fund is responsible to liquidate its own pension obligations.

D. Employee Retirement Plans other than Pension Plans

401(k) Defined Contribution Plan

The City's 401(k) defined contribution plan is administered by ICMA Retirement Corporation (ICMA-RC). The payroll covered by the defined contribution plan for the year ended June 30, 2022, was \$34,799,232. The City's expense for this plan for the year ended June 30, 2022 was approximately \$276,000 or 0.79% 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.

The City also participates in the URS 401(k) defined contribution savings plan which is generally a supplemental plan to the basic pension benefits of the URS, but may be used as a primary retirement plan. Employee and employer contributions to the URS 401(k) defined contribution savings plan for the fiscal years ended June 30 were as follows:

Contribution Type	2022	2021	2020
Employer Contributions	\$ 297,360	\$ 274,072	\$ 267,198
Employee Contributions	\$ -	\$ -	\$ -

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

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

457 Deferred Compensation Plan

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

All elected officials and permanent employees may also elect to participate in the City's deferred compensation plan and all temporary employees are required to participate in a deferred compensation plan. Under this plan, participants defer a percentage of their compensation up to 7.5% for executive management personnel and up to 5.5% for all other employees (except for the City Manager, whose participation in the plan is determined through negotiation with the City Council, and employees required to pay Medicare insurance premiums) for employees hired prior to March 1986. For those hired after March 1986 the percentage is 6.0% and 4.0% respectively. The City matches the amount deferred by the participants, not to exceed the maximums listed previously or the IRS legal limit. The payroll covered by the deferred compensation plan for the year ended June 30, 2022, was \$34,799,232. The City's expense for this plan for the year ended June 30, 2022, was approximately \$1,462,000 or 4.20% of the total participants' salary. The contribution rates were determined by the City Council and the contributions were remitted on a timely basis.

The City also participates in the URS 457 defined contribution savings plan which is generally a supplemental plan to the basic pension benefits of the URS, but may be used as a primary retirement plan. Employee and employer contributions to the URS 457 defined contribution savings plan for the fiscal years ended June 30 were as follows:

<u>Contribution Type</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer Contributions	\$ 127,147	\$ 103,249	\$ 88,353
Employee Contributions	\$ 158,445	\$ 133,345	\$ 106,929

E. Other Postemployment Benefits

General Information about the OPEB Plan

*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 and

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

*Plan Description (continued)*

employer contributions are governed by City policy and can be amended at any time. The plan is not accounted for as a trust fund and no assets are being accumulated in a trust that meet the criteria in paragraph 4 of Statement 75. The plan does not issue a separate financial report.

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. As of June 30, 2022, there are four (4) retirees or retirees spouses participating in the plan.

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, 2022, total plan premiums paid were \$60,399. The City contributed \$6,491 (22.00% of total premiums) and retiree plan members receiving benefits contributed \$23,019 (78.00% of total premiums). The activity of the plan is reported in the City's General Fund and all obligations are liquidated through the General Fund.

Total OPEB Liability

The City's total OPEB liability of \$61,379 was determined by an actuarial valuation as of January 1, 2021, and measurement date of December 31, 2021.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Inflation	2.30%
Salary Increases	N/A
Discount Rate	2.06%
Healthcare Cost Trend Rates	5.80% scaling down to 4.30% over 22 years.
Retirees' Share of Benefit- Related Costs	55% of projected health insurance premiums

The discount rate was based on the 20-year Bond Buyer General Obligation Municipal Index as of June 30, 2022.

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

*Actuarial Assumptions and Other Inputs (continued)*

Mortality rates were based on 2010 Pub General Healthy Retiree with 100% of MP Ultimate scale for retirees and 2010 Pub General Disabled Retiree with 100% of MP Ultimate scale for disabled participants.

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2021.

Changes in the Total OPEB Liability

The following table shows the changes in the City's total OPEB liability:

	Total OPEB Liability
Total OPEB Liability as of January 1, 2021	\$ 89,063
Changes for the Year:	
Service Cost	-
Interest on Total OPEB Liability	1,600
Effect of Economic/Demographic Gains/Losses	28,597
Changes in Assumptions or Other Inputs	(27,684)
Expected Benefit Payments	(30,197)
Net Changes	(27,684)
Total OPEB Liability as of January 1, 2022	\$ 61,379

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following table presents the total OPEB liability of the City, calculated using the discount rate of 2.06%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (1.06%) or 1.00% higher (3.06%) than the current rate:

	1.00% Decrease (1.06%)	Discount Rate (2.06%)	1.00% Increase (3.06%)
Total OPEB Liability at January 1, 2022	\$ 62,012	\$ 61,379	\$ 60,762

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following table presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates, as well as what the City's total

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

OPEB liability would be if it were calculated using trend rates that are 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease	Current Trend Rate	1.00% Increase
Total OPEB Liability at January 1, 2022	\$ 61,067	\$ 61,379	\$ 61,693

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2022, the City had OPEB expenses of \$8,545.

The following table details this total OPEB expense:

Description	OPEB Expense
Service Cost	\$ -
Interest on Total OPEB Liability	1,600
Effect of Plan Changes	-
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains/Losses	20,200
Recognition of Assumption Changes or Inputs	(13,255)
Total	\$ 8,545

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (continued)

At June 30, 2022, the City reported the following deferred outflows of resources or inflows of resources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Deferred Outflows / Inflows of Resources		
Differences between expected and actual experience	\$ -	\$ 9,532
Changes in assumptions	(9,228)	8
Total OPEB Deferred Outflows / Inflows of Resources	\$ (9,228)	\$ 9,540

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2022	\$ 312
2023	-
2024	-
2025	-
2026	-
Thereafter	-

F. Segment Information for Enterprise Funds

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

G. Redevelopment Agency of the City of Orem

The following Redevelopment Agency information is presented as required by Utah State Code Section 17A-2-1217(3).

For the year ended June 30, 2022, the following activity occurred in the City's Redevelopment Agency:

Tax Increment Collected From Other Taxing Agencies For The Project Area	Total Received	Orem City's Portion
Orem 85-01: Orem Tek Development	\$ 416,036	197,753
Orem 85-02: Timpanogos Technological Center	-	-
Orem 85-03A: University Parkway Development	-	-
Orem 85-03B: University Parkway Development	-	-
Orem 85-04: Economic Zone in Central Orem	-	-
Orem 87-10: Boyer Project on Center and State Street	221,205	103,882
Orem 90-08: 800 North and State Street Economic Zone	117,759	52,782
Orem CDA: University Place	1,244,154	164,161
Total	\$ 1,999,154	\$ 518,578
Outstanding Loans to Finance RDA Projects	\$ -	

City of Orem  
Notes to the Financial Statements  
June 30, 2022

5. Other Information (continued)

G. Redevelopment Agency of the City of Orem (continued)

During the year ending June 30, 2022, the RDA expended monies in the categories below as follows:

Economic Development	\$ 1,229,620
Capital Outlay	4,745
Total	<u>\$ 1,234,365</u>

The Redevelopment Agency did not pay tax increment funds to any taxing agencies for projects during the current fiscal year.

The Redevelopment Agency has one contractual arrangement in the University Place CDA area. The contract was entered into to help fund infrastructure improvements being made as part of an economic development plan for the area. The agreement specifies that 90% of the property taxes collected for this project area are to be remitted to the property owner, 5% to be held within the RDA for future improvements in the project area, and 5% to be paid to the city for administration costs. The agreement term is for twenty years and ends in Fiscal Year 2038.

The amounts remitted to the property owner for the past five fiscal years is as follows:

Fiscal Year	Tax Increment Remitted
2022	\$ 1,119,739
2021	1,034,885
2020	872,923
2019	805,299
2018	-

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

<u>System</u>	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability/Asset
<u>Noncontributory System</u>					
As of December 31, 2021	1.1572151%	\$ (6,627,495)	\$ 9,911,510	-66.9%	108.7%
As of December 31, 2020	1.1576503%	\$ 593,808	\$ 10,188,153	5.8%	99.2%
As of December 31, 2019	1.1763291%	\$ 4,433,430	\$ 10,490,803	42.3%	93.7%
As of December 31, 2018	1.1710300%	\$ 8,623,141	\$ 10,235,192	84.2%	87.0%
As of December 31, 2017	1.1480441%	\$ 5,029,925	\$ 9,994,622	50.3%	91.9%
As of December 31, 2016	1.1669202%	\$ 7,493,056	\$ 10,377,805	72.2%	87.3%
As of December 31, 2015	1.1507910%	\$ 6,511,735	\$ 10,141,076	64.2%	87.8%
As of December 31, 2014	1.1640325%	\$ 5,054,503	\$ 10,427,520	48.5%	90.2%
<u>Contributory System</u>					
As of December 31, 2021	3.8917187%	\$ (2,817,382)	\$ 571,621	-492.9%	115.9%
As of December 31, 2020	4.6970700%	\$ (841,818)	\$ 774,803	-108.6%	103.9%
As of December 31, 2019	5.2166185%	\$ 341,879	\$ 934,782	36.6%	98.6%
As of December 31, 2018	5.0759551%	\$ 2,059,837	\$ 950,067	216.8%	91.2%
As of December 31, 2017	4.5962283%	\$ 374,014	\$ 932,647	40.1%	98.2%
As of December 31, 2016	4.2142704%	\$ 1,382,749	\$ 1,011,168	136.7%	92.9%
As of December 31, 2015	2.3846854%	\$ 1,676,087	\$ 1,016,082	165.0%	85.7%
As of December 31, 2014	1.9700731%	\$ 568,255	\$ 1,055,247	53.9%	94.0%
<u>Public Safety System</u>					
As of December 31, 2021	7.7844955%	\$ (2,787,789)	\$ 3,642,113	-76.5%	105.1%
As of December 31, 2020	7.0891923%	\$ 2,548,793	\$ 3,285,378	77.6%	94.5%
As of December 31, 2019	7.1030859%	\$ 3,527,392	\$ 3,397,985	103.8%	91.7%
As of December 31, 2018	7.3044190%	\$ 5,755,853	\$ 3,474,822	165.6%	85.6%
As of December 31, 2017	7.4094711%	\$ 3,580,282	\$ 3,643,056	98.3%	90.5%
As of December 31, 2016	7.8307470%	\$ 4,880,882	\$ 4,114,120	118.6%	86.1%
As of December 31, 2015	7.6878583%	\$ 3,751,301	\$ 4,043,837	92.8%	87.6%
As of December 31, 2014	7.8553996%	\$ 3,106,282	\$ 4,163,687	74.6%	89.0%
<u>Firefighters System</u>					
As of December 31, 2021	3.6032095%	\$ (9,746,409)	\$ 3,289,435	-296.3%	122.9%
As of December 31, 2020	3.6834896%	\$ (4,962,948)	\$ 3,158,996	-157.1%	112.0%
As of December 31, 2019	3.8802995%	\$ (2,426,403)	\$ 3,191,512	-76.0%	105.8%
As of December 31, 2018	3.7318322%	\$ 1,508,227	\$ 3,051,512	49.4%	96.1%
As of December 31, 2017	3.7993255%	\$ (852,323)	\$ 3,178,325	-26.8%	102.3%
As of December 31, 2016	3.8179852%	\$ 564,747	\$ 3,300,053	17.1%	98.4%
As of December 31, 2015	3.9201431%	\$ 667,045	\$ 3,306,160	20.2%	98.1%
As of December 31, 2014	4.1264713%	\$ (454,109)	\$ 3,468,618	-13.1%	101.3%

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

<u>System</u>	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability/Asset
<b>Tier 2 Public Employees System</b>					
As of December 31, 2021	0.2621427%	\$ (110,949)	\$ 4,864,967	-2.3%	103.8%
As of December 31, 2020	0.2547670%	\$ 36,643	\$ 4,072,643	0.9%	98.3%
As of December 31, 2019	0.2455577%	\$ 55,228	\$ 3,413,091	1.6%	96.5%
As of December 31, 2018	0.2706777%	\$ 115,925	\$ 3,161,819	3.7%	90.8%
As of December 31, 2017	0.2959959%	\$ 26,097	\$ 2,894,899	0.9%	97.4%
As of December 31, 2016	0.3019157%	\$ 33,678	\$ 2,475,959	1.4%	95.1%
As of December 31, 2015	0.2589627%	\$ (565)	\$ 1,673,317	0.0%	100.2%
As of December 31, 2014	0.1982677%	\$ (6,008)	\$ 972,771	-0.6%	103.5%
<b>Tier 2 Public Safety and Firefighters System</b>					
As of December 31, 2021	1.7041526%	\$ (86,132)	\$ 4,075,293	-2.1%	102.8%
As of December 31, 2020	1.6833421%	\$ 150,987	\$ 3,343,708	4.5%	93.1%
As of December 31, 2019	1.6481079%	\$ 155,028	\$ 2,716,402	5.7%	89.6%
As of December 31, 2018	1.6322111%	\$ 40,896	\$ 2,183,063	1.9%	95.6%
As of December 31, 2017	1.6337586%	\$ (18,904)	\$ 1,724,051	-1.1%	103.0%
As of December 31, 2016	1.3680971%	\$ (11,876)	\$ 1,130,354	-1.1%	103.6%
As of December 31, 2015	1.2593445%	\$ (18,399)	\$ 749,442	-2.5%	110.7%
As of December 31, 2014	1.1227061%	\$ (16,608)	\$ 464,014	-3.6%	120.5%
<b>Total</b>					
Total - As of December 31, 2021		\$ (22,176,156)	\$ 26,354,939	-84.1%	
Total - As of December 31, 2020		\$ (2,474,535)	\$ 24,823,681	-10.0%	
Total - As of December 31, 2019		\$ 6,086,554	\$ 24,144,575	25.2%	
Total - As of December 31, 2018		\$ 18,103,879	\$ 23,056,475	78.5%	
Total - As of December 31, 2017		\$ 8,139,091	\$ 22,367,600	36.4%	
Total - As of December 31, 2016		\$ 14,343,236	\$ 22,409,459	64.0%	
Total - As of December 31, 2015		\$ 12,587,204	\$ 20,929,914	60.1%	
Total - As of December 31, 2014		\$ 8,252,315	\$ 20,551,857	40.2%	

<sup>1</sup> In accordance with paragraph 81.a of GASB 68, the City will need to disclose a ten (10) year history of their proportionate share of the Net Pension Liability or Asset in this schedule. However, this schedule will be populated prospectively.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**City of Orem  
Schedule of Contributions  
Utah Retirement Systems (URS)  
Last Ten Fiscal Years <sup>1</sup>**

<u>System</u>	Contractually Required Contribution	Contributions in relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll <sup>2</sup>
<u>Noncontributory System</u>					
As of June 30, 2022	\$ 1,710,258	\$ 1,710,258	\$ -	\$ 9,569,014	17.87%
As of June 30, 2021	\$ 1,776,850	\$ 1,776,850	\$ -	\$ 10,096,295	17.60%
As of June 30, 2020	\$ 1,835,859	\$ 1,835,859	\$ -	\$ 10,508,753	17.47%
As of June 30, 2019	\$ 1,849,063	\$ 1,849,063	\$ -	\$ 10,576,380	17.48%
As of June 30, 2018	\$ 1,826,860	\$ 1,826,860	\$ -	\$ 10,413,456	17.54%
As of June 30, 2017	\$ 1,733,503	\$ 1,733,503	\$ -	\$ 9,986,591	17.36%
As of June 30, 2016	\$ 1,742,920	\$ 1,742,920	\$ -	\$ 10,082,347	17.29%
As of June 30, 2015	\$ 1,785,144	\$ 1,785,144	\$ -	\$ 10,274,003	17.38%
As of June 30, 2014	\$ 1,720,949	\$ 1,720,949	\$ -	\$ 10,573,678	16.28%
<u>Contributory System</u>					
As of June 30, 2022	\$ 66,834	\$ 66,834	\$ -	\$ 462,197	14.46%
As of June 30, 2021	\$ 100,566	\$ 100,566	\$ -	\$ 695,479	14.46%
As of June 30, 2020	\$ 124,700	\$ 124,700	\$ -	\$ 862,379	14.46%
As of June 30, 2019	\$ 139,613	\$ 139,613	\$ -	\$ 965,512	14.46%
As of June 30, 2018	\$ 139,995	\$ 139,995	\$ -	\$ 968,153	14.46%
As of June 30, 2017	\$ 136,617	\$ 136,617	\$ -	\$ 944,788	14.46%
As of June 30, 2016	\$ 146,149	\$ 146,149	\$ -	\$ 1,010,709	14.46%
As of June 30, 2015	\$ 146,645	\$ 146,645	\$ -	\$ 1,014,143	14.46%
As of June 30, 2014	\$ 145,300	\$ 145,300	\$ -	\$ 1,094,124	13.28%
<u>Public Safety System</u>					
As of June 30, 2022	\$ 1,430,902	\$ 1,430,902	\$ -	\$ 3,793,021	37.72%
As of June 30, 2021	\$ 1,300,202	\$ 1,300,202	\$ -	\$ 3,450,026	37.69%
As of June 30, 2020	\$ 1,207,483	\$ 1,207,483	\$ -	\$ 3,173,176	38.05%
As of June 30, 2019	\$ 1,286,440	\$ 1,286,440	\$ -	\$ 3,324,661	38.69%
As of June 30, 2018	\$ 1,379,976	\$ 1,379,976	\$ -	\$ 3,609,633	38.23%
As of June 30, 2017	\$ 1,417,405	\$ 1,417,405	\$ -	\$ 3,768,298	37.61%
As of June 30, 2016	\$ 1,534,707	\$ 1,534,707	\$ -	\$ 4,080,078	37.61%
As of June 30, 2015	\$ 1,527,206	\$ 1,527,206	\$ -	\$ 4,050,464	37.70%
As of June 30, 2014	\$ 1,557,376	\$ 1,557,376	\$ -	\$ 4,247,643	36.66%
<u>Firefighters System</u>					
As of June 30, 2022	\$ 213,374	\$ 213,374	\$ -	\$ 3,259,624	6.55%
As of June 30, 2021	\$ 215,320	\$ 215,320	\$ -	\$ 3,240,242	6.65%
As of June 30, 2020	\$ 228,761	\$ 228,761	\$ -	\$ 3,179,830	7.19%
As of June 30, 2019	\$ 226,592	\$ 226,592	\$ -	\$ 3,129,730	7.24%
As of June 30, 2018	\$ 215,452	\$ 215,452	\$ -	\$ 3,200,968	6.73%
As of June 30, 2017	\$ 210,460	\$ 210,460	\$ -	\$ 3,160,058	6.66%
As of June 30, 2016	\$ 219,686	\$ 219,686	\$ -	\$ 3,249,791	6.76%
As of June 30, 2015	\$ 220,389	\$ 220,389	\$ -	\$ 3,344,592	6.59%
As of June 30, 2014	\$ 160,554	\$ 160,554	\$ -	\$ 3,601,273	4.46%
<u>Tier 2 Public Employees System *</u>					
As of June 30, 2022	\$ 923,464	\$ 923,464	\$ -	\$ 5,744,971	16.07%
As of June 30, 2021	\$ 699,664	\$ 699,664	\$ -	\$ 4,428,258	15.80%
As of June 30, 2020	\$ 580,300	\$ 580,300	\$ -	\$ 3,705,620	15.66%
As of June 30, 2019	\$ 519,001	\$ 519,001	\$ -	\$ 3,339,834	15.54%
As of June 30, 2018	\$ 479,329	\$ 479,329	\$ -	\$ 3,172,260	15.11%
As of June 30, 2017	\$ 402,025	\$ 402,025	\$ -	\$ 2,696,348	14.91%
As of June 30, 2016	\$ 300,882	\$ 300,882	\$ -	\$ 2,017,989	14.91%
As of June 30, 2015	\$ 185,143	\$ 185,143	\$ -	\$ 1,239,243	14.94%
As of June 30, 2014	\$ 113,677	\$ 113,677	\$ -	\$ 812,557	13.99%

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

**City of Orem**  
Schedule of Contributions  
Utah Retirement Systems (URS)  
Last Ten Fiscal Years <sup>1</sup>

System	Contributions in relation to the				Covered Payroll	Contribution as a % of Covered Payroll <sup>2</sup>
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)			
<b>Tier 2 Public Safety &amp; Firefighters System *</b>						
As of June 30, 2022	\$ 1,094,035	\$ 1,094,035	\$ -	\$ 4,544,860	24.07%	
As of June 30, 2021	\$ 909,579	\$ 909,579	\$ -	\$ 3,747,569	24.27%	
As of June 30, 2020	\$ 658,136	\$ 658,136	\$ -	\$ 3,056,839	21.53%	
As of June 30, 2019	\$ 521,389	\$ 521,389	\$ -	\$ 2,434,086	21.42%	
As of June 30, 2018	\$ 412,572	\$ 412,572	\$ -	\$ 2,002,958	20.60%	
As of June 30, 2017	\$ 275,954	\$ 275,954	\$ -	\$ 1,415,167	19.50%	
As of June 30, 2016	\$ 156,487	\$ 156,487	\$ -	\$ 867,683	18.04%	
As of June 30, 2015	\$ 103,493	\$ 103,493	\$ -	\$ 585,142	17.69%	
As of June 30, 2014	\$ 70,564	\$ 70,564	\$ -	\$ 366,223	19.27%	
<b>Tier 2 Public Employees DC Only System *</b>						
As of June 30, 2022	\$ 103,706	\$ 103,706	\$ -	\$ 1,458,801	7.11%	
As of June 30, 2021	\$ 84,258	\$ 84,258	\$ -	\$ 1,259,452	6.69%	
As of June 30, 2020	\$ 65,955	\$ 65,955	\$ -	\$ 988,073	6.68%	
As of June 30, 2019	\$ 51,752	\$ 51,752	\$ -	\$ 773,571	6.69%	
As of June 30, 2018	\$ 42,785	\$ 42,785	\$ -	\$ 639,540	6.69%	
As of June 30, 2017	\$ 31,690	\$ 31,690	\$ -	\$ 473,700	6.69%	
As of June 30, 2016	\$ 27,955	\$ 27,955	\$ -	\$ 417,869	6.69%	
As of June 30, 2015	\$ 20,253	\$ 20,253	\$ -	\$ 300,442	6.74%	
As of June 30, 2014	\$ 9,492	\$ 9,492	\$ -	\$ 170,441	5.57%	
<b>Tier 2 Public Safety &amp; Firefighter DC Only System *</b>						
As of June 30, 2022	\$ 42,563	\$ 42,563	\$ -	\$ 325,101	13.09%	
As of June 30, 2021	\$ 34,194	\$ 34,194	\$ -	\$ 239,719	14.26%	
As of June 30, 2020	\$ 34,667	\$ 34,667	\$ -	\$ 317,640	10.91%	
As of June 30, 2019	\$ 28,973	\$ 28,973	\$ -	\$ 309,371	9.37%	
As of June 30, 2018	\$ 33,792	\$ 33,792	\$ -	\$ 307,332	11.00%	
As of June 30, 2017	\$ 35,814	\$ 35,814	\$ -	\$ 272,236	13.16%	
As of June 30, 2016	\$ 34,337	\$ 34,337	\$ -	\$ 260,874	13.16%	
As of June 30, 2015	\$ 20,094	\$ 20,094	\$ -	\$ 137,956	14.57%	
As of June 30, 2014	\$ -	\$ -	\$ -	\$ -	0.00%	
<b>Total - As of June 30, 2022</b>	<b>\$ 5,585,136</b>	<b>\$ 5,585,136</b>	<b>\$ -</b>	<b>\$ 29,157,589</b>	<b>19.15%</b>	
<b>Total - As of June 30, 2021</b>	<b>\$ 5,120,633</b>	<b>\$ 5,120,633</b>	<b>\$ -</b>	<b>\$ 27,157,040</b>	<b>18.86%</b>	
<b>Total - As of June 30, 2020</b>	<b>\$ 4,735,861</b>	<b>\$ 4,735,861</b>	<b>\$ -</b>	<b>\$ 25,792,310</b>	<b>18.36%</b>	
<b>Total - As of June 30, 2019</b>	<b>\$ 4,622,823</b>	<b>\$ 4,622,823</b>	<b>\$ -</b>	<b>\$ 24,853,145</b>	<b>18.60%</b>	
<b>Total - As of June 30, 2018</b>	<b>\$ 4,530,761</b>	<b>\$ 4,530,761</b>	<b>\$ -</b>	<b>\$ 24,314,300</b>	<b>18.63%</b>	
<b>Total - As of June 30, 2017</b>	<b>\$ 4,243,468</b>	<b>\$ 4,243,468</b>	<b>\$ -</b>	<b>\$ 22,717,186</b>	<b>18.68%</b>	
<b>Total - As of June 30, 2016</b>	<b>\$ 4,163,123</b>	<b>\$ 4,163,123</b>	<b>\$ -</b>	<b>\$ 21,987,340</b>	<b>18.93%</b>	
<b>Total - As of June 30, 2015</b>	<b>\$ 4,008,367</b>	<b>\$ 4,008,367</b>	<b>\$ -</b>	<b>\$ 20,945,985</b>	<b>19.14%</b>	
<b>Total - As of June 30, 2014</b>	<b>\$ 3,777,912</b>	<b>\$ 3,777,912</b>	<b>\$ -</b>	<b>\$ 20,865,939</b>	<b>18.11%</b>	

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

<sup>1</sup> In accordance with GASB 68 (paragraph 81.b), the City will need to disclose a ten (10) year history in this schedule. However, this schedule will be populated prospectively.

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**City of Orem**  
Schedule of Changes in  
Total OPEB Liability & Related Ratios  
Last Ten Fiscal Years <sup>1</sup>

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Total OPEB Liability</b>					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Total OPEB Liability	1,178	5,892	4,716	2,700	1,600
Changes of Benefit Terms	-	-	-	-	-
Effect of Economic/Demographic Gains or Losses	-	-	8,233	-	28,597
Changes in Assumptions or Other Inputs	-	-	37,530	58	(27,684)
Expected Benefit Payments	(85,419)	(15,892)	(49,382)	(71,322)	(30,197)
Net Change in Total OPEB Liability	(84,241)	(10,000)	1,097	(68,564)	(27,684)
<b>Total OPEB Liability - Beginning</b>	<b>\$ 250,771</b>	<b>\$ 166,530</b>	<b>\$ 156,530</b>	<b>\$ 157,627</b>	<b>\$ 89,063</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 166,530</b>	<b>\$ 156,530</b>	<b>\$ 157,627</b>	<b>\$ 89,063</b>	<b>\$ 61,379</b>
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a % of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> In accordance with GASB 75, the City will need to disclose a ten (10) year history in this schedule. However, this schedule will be populated prospectively.

**NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**Utah Retirement Systems Pensions**

*Accumulated Assets*

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension plan.

*Changes in Assumptions*

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

**Other Post Employment Benefits (OPEB)**

*Accumulated Assets*

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Changes in Assumptions*

The discount rate was changed to 2.06% (from 2.16%) since this is the discount rate that will be used to measure the Total OPEB Liability for purposes of GASB 75.

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**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-Impact Fees Fund – This fund is used to account for the acquisition, construction, and/or improvement of major capital facilities of the City as part of funding provided by impact fees collected from developers.

### 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.

Transportation Sales Tax Fund – This fund is used to account for revenues and expenditures related to permissible transportation needs such as streets, sidewalks, curb and gutters, traffic safety features, traffic signs and signals, street lighting, and trails for non-motorized vehicles connecting an origin with a destination.

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

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

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, 2022

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele-Communication Billing Fund	Transportation Sales Tax Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 45,480	\$ -
Accounts Receivable	-	-	-	-	-
Intergovernmental Receivables	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	3,177,007	3,177,007	1,611,068	-	2,262,049
Other Purposes	-	-	3,204,912	-	914,290
Restricted Receivables:					
Capital Improvement Projects	-	-	-	-	-
Other Purposes	-	-	557,931	205,696	502,761
<b>Total Assets</b>	<b>\$ 3,177,007</b>	<b>\$ 3,177,007</b>	<b>\$ 5,373,911</b>	<b>\$ 251,176</b>	<b>\$ 3,679,100</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 19,516	\$ 19,516	\$ 244,354	\$ 184,974	\$ -
Accrued Liabilities	-	-	-	-	408
Unearned Revenues	-	-	-	9,686	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>19,516</b>	<b>19,516</b>	<b>244,354</b>	<b>194,660</b>	<b>408</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenues - Property Taxes	-	-	-	-	-
Deferred Revenues - Receivables	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted:					
Parks, Recreation, & Arts	-	-	4,280,041	-	-
Fitness Center	-	-	384,450	-	-
Street Improvements	-	-	-	-	3,678,692
Capital Improvements	3,157,491	3,157,491	465,066	-	-
Redevelopment	-	-	-	-	-
Community Development	-	-	-	-	-
Assigned:					
Community Programs	-	-	-	-	-
Capital Improvements	-	-	-	56,516	-
Senior Citizen Programs	-	-	-	-	-
<b>Total Fund Balances</b>	<b>3,157,491</b>	<b>3,157,491</b>	<b>5,129,557</b>	<b>56,516</b>	<b>3,678,692</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,177,007</b>	<b>\$ 3,177,007</b>	<b>\$ 5,373,911</b>	<b>\$ 251,176</b>	<b>\$ 3,679,100</b>

Special Revenue Funds

<u>Redevelopment Agency Fund</u>	<u>Community Development &amp; Rehabilitation Fund</u>	<u>Orem Foundation Trust Fund</u>	<u>Senior Citizens Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 78,089	\$ 6,900	\$ 308,203	\$ 438,672	\$ 438,672
4,250	-	-	-	4,250	4,250
-	141,948	-	-	141,948	141,948
-	217,859	-	-	217,859	217,859
5,335,557	-	-	-	9,208,674	12,385,681
-	359,174	-	-	4,478,376	4,478,376
1,350,000	-	-	-	1,350,000	1,350,000
-	91,272	-	-	1,357,660	1,357,660
<u>\$ 6,689,807</u>	<u>\$ 888,342</u>	<u>\$ 6,900</u>	<u>\$ 308,203</u>	<u>\$ 17,197,439</u>	<u>\$ 20,374,446</u>
\$ 9,329	\$ 35,089	\$ -	\$ 569	\$ 474,315	\$ 493,831
-	5,021	-	-	5,429	5,429
-	-	-	-	9,686	9,686
-	-	-	-	-	-
<u>9,329</u>	<u>40,110</u>	<u>-</u>	<u>569</u>	<u>489,430</u>	<u>508,946</u>
1,350,000	-	-	-	1,350,000	1,350,000
-	309,131	-	-	309,131	309,131
<u>1,350,000</u>	<u>309,131</u>	<u>-</u>	<u>-</u>	<u>1,659,131</u>	<u>1,659,131</u>
-	-	-	-	4,280,041	4,280,041
-	-	-	-	384,450	384,450
-	-	-	-	3,678,692	3,678,692
-	-	-	-	465,066	3,622,557
5,330,478	-	-	-	5,330,478	5,330,478
-	539,101	-	-	539,101	539,101
-	-	6,900	-	6,900	6,900
-	-	-	-	56,516	56,516
-	-	-	307,634	307,634	307,634
<u>5,330,478</u>	<u>539,101</u>	<u>6,900</u>	<u>307,634</u>	<u>15,048,878</u>	<u>18,206,369</u>
<u>\$ 6,689,807</u>	<u>\$ 888,342</u>	<u>\$ 6,900</u>	<u>\$ 308,203</u>	<u>\$ 17,197,439</u>	<u>\$ 20,374,446</u>

City of Orem  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For The Year Ended June 30, 2022

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele-Communication Billing Fund	Transportation Sales Tax Fund
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	3,152,289	-	2,861,927
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Impact Fees	1,630,100	1,630,100	-	-	-
Investment Earnings	12,254	12,254	15,725	18,801	13,651
Miscellaneous Revenues	-	-	-	1,628	-
<b>Total Revenues</b>	<b>1,642,354</b>	<b>1,642,354</b>	<b>3,168,014</b>	<b>20,429</b>	<b>2,875,578</b>
<b>EXPENDITURES</b>					
Current:					
Highways and Public Improvements	-	-	-	-	216,480
Parks, Recreation and Arts	-	-	1,049,371	-	-
Economic and Physical Development	27,280	27,280	-	15,445	-
Redevelopment	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	735,059	-	2,004,683
<b>Total Expenditures</b>	<b>27,280</b>	<b>27,280</b>	<b>1,784,430</b>	<b>15,445</b>	<b>2,221,163</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,615,074	1,615,074	1,383,584	4,984	654,415
<b>OTHER FINANCING SOURCES (USES)</b>					
Investments - FMV Change	-	-	(24,825)	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	(36,750)	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>(61,575)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,615,074</b>	<b>1,615,074</b>	<b>1,322,009</b>	<b>4,984</b>	<b>654,415</b>
<b>Fund Balances - Beginning</b>	<b>1,542,417</b>	<b>1,542,417</b>	<b>3,807,548</b>	<b>51,532</b>	<b>3,024,277</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,157,491</b>	<b>\$ 3,157,491</b>	<b>\$ 5,129,557</b>	<b>\$ 56,516</b>	<b>\$ 3,678,692</b>

Special Revenue Funds

<u>Redevelopment Agency Fund</u>	<u>Community Development &amp; Rehabilitation Fund</u>	<u>Orem Foundation Trust Fund</u>	<u>Senior Citizens Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,999,155	\$ -	\$ -	\$ -	\$ 1,999,155	\$ 1,999,155
-	-	-	-	6,014,216	6,014,216
-	797,336	-	-	797,336	797,336
-	80,023	-	39,836	119,859	119,859
-	-	-	-	-	1,630,100
28,079	429	-	1,691	78,376	90,630
13,200	-	282,842	2,705	300,375	300,375
<u>2,040,434</u>	<u>877,788</u>	<u>282,842</u>	<u>44,232</u>	<u>9,309,317</u>	<u>10,951,671</u>
-	-	-	-	216,480	216,480
-	-	-	33,657	1,083,028	1,083,028
-	506,038	-	-	521,483	548,763
1,229,620	-	-	-	1,229,620	1,229,620
-	115,000	-	-	115,000	115,000
-	11,398	-	-	11,398	11,398
4,745	87,501	-	-	2,831,988	2,831,988
<u>1,234,365</u>	<u>719,937</u>	<u>-</u>	<u>33,657</u>	<u>6,008,997</u>	<u>6,036,277</u>
<u>806,069</u>	<u>157,851</u>	<u>282,842</u>	<u>10,575</u>	<u>3,300,320</u>	<u>4,915,394</u>
(1,434)	(3,538)	-	-	(29,797)	(29,797)
(631,731)	(109,183)	(327,122)	(22,500)	(1,127,286)	(1,127,286)
<u>(633,165)</u>	<u>(112,721)</u>	<u>(327,122)</u>	<u>(22,500)</u>	<u>(1,157,083)</u>	<u>(1,157,083)</u>
172,904	45,130	(44,280)	(11,925)	2,143,237	3,758,311
<u>5,157,574</u>	<u>493,971</u>	<u>51,180</u>	<u>319,559</u>	<u>12,905,641</u>	<u>14,448,058</u>
<u>\$ 5,330,478</u>	<u>\$ 539,101</u>	<u>\$ 6,900</u>	<u>\$ 307,634</u>	<u>\$ 15,048,878</u>	<u>\$ 18,206,369</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  
CAPITAL PROJECTS-IMPACT FEES FUND**

**SPECIAL REVENUE FUNDS  
CARE TAX FUND  
TELECOMMUNICATION BILLING FUND  
TRANSPORTATION SALES TAX FUND  
REDEVELOPMENT AGENCY FUND  
COMMUNITY DEVELOPMENT & REHABILITATION 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,480,321	\$ 1,480,321	\$ 1,514,785	\$ 34,464
Investment Earnings	-	-	2,942	2,942
<b>Total Revenues</b>	<u>1,480,321</u>	<u>1,480,321</u>	<u>1,517,727</u>	<u>37,406</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	1,243,000	1,243,000	1,243,000	-
Interest and Fiscal Charges	4,655,098	4,655,098	4,654,996	102
Capital Lease Payments - Principal	455,000	455,000	455,000	-
Capital Lease Payments - Interest	99,044	99,044	99,043	1
<b>Total Expenditures</b>	<u>6,452,142</u>	<u>6,452,142</u>	<u>6,452,039</u>	<u>103</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,971,821)</u>	<u>(4,971,821)</u>	<u>(4,934,312)</u>	<u>37,509</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Investments - FMV Change	-	-	(2,905)	(2,905)
Transfers In	4,163,904	4,163,904	4,163,903	(1)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>4,163,904</u>	<u>4,163,904</u>	<u>4,160,998</u>	<u>(2,906)</u>
<b>Net Change in Fund Balance</b>	<u>(807,917)</u>	<u>(807,917)</u>	<u>(773,314)</u>	<u>34,603</u>
<b>Fund Balance - Beginning</b>	<u>1,960,402</u>	<u>1,960,402</u>	<u>1,960,402</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,152,485</u>	<u>\$ 1,152,485</u>	<u>\$ 1,187,088</u>	<u>\$ 34,603</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 283,566	\$ 51,533	\$ (232,033)
Miscellaneous Revenues	275,000	325,000	624,329	299,329
Total Revenues	<u>275,000</u>	<u>608,566</u>	<u>675,862</u>	<u>67,296</u>
<b>EXPENDITURES</b>				
Current:				
Economic and Physical Development	15,000	907,581	192,649	714,932
Capital Outlay	460,000	25,073,297	1,268,768	23,804,529
Total Expenditures	<u>475,000</u>	<u>25,980,878</u>	<u>1,461,417</u>	<u>24,519,461</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(200,000)</u>	<u>(25,372,312)</u>	<u>(785,555)</u>	<u>24,586,757</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	200,000	5,975,000	5,975,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>5,975,000</u>	<u>5,975,000</u>	<u>-</u>
Net Change in Fund Balance	-	(19,397,312)	5,189,445	24,586,757
Fund Balance - Beginning	<u>19,806,641</u>	<u>19,806,641</u>	<u>19,806,641</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 19,806,641</u>	<u>\$ 409,329</u>	<u>\$ 24,996,086</u>	<u>\$ 24,586,757</u>

City of Orem  
 Capital Projects-Impact Fees - Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For The Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 1,025,000	\$ 1,025,000	\$ 1,630,100	605,100
Investment Earnings	-	-	12,254	12,254
<b>Total Revenues</b>	<b>1,025,000</b>	<b>1,025,000</b>	<b>1,642,354</b>	<b>617,354</b>
<b>EXPENDITURES</b>				
Current:				
Economic and Physical Development	-	30,040	27,280	2,760
Capital Outlay	1,025,000	1,387,438	-	1,387,438
<b>Total Expenditures</b>	<b>1,025,000</b>	<b>1,417,478</b>	<b>27,280</b>	<b>1,390,198</b>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(392,478)	1,615,074	2,007,552
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(392,478)</b>	<b>1,615,074</b>	<b>2,007,552</b>
Fund Balance - Beginning	1,542,417	1,542,417	1,542,417	-
<b>Fund Balance - Ending</b>	<b>\$ 1,542,417</b>	<b>\$ 1,149,939</b>	<b>\$ 3,157,491</b>	<b>\$ 2,007,552</b>

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales Taxes	\$ 2,400,000	\$ 2,400,000	\$ 3,152,289	\$ 752,289
Investment Earnings	20,000	20,000	15,725	(4,275)
<b>Total Revenues</b>	<b>2,420,000</b>	<b>2,420,000</b>	<b>3,168,014</b>	<b>748,014</b>
<b>EXPENDITURES</b>				
Current:				
Arts and Recreation Development	2,585,500	3,044,971	1,049,371	1,995,600
Capital Outlay	-	735,059	735,059	-
<b>Total Expenditures</b>	<b>2,585,500</b>	<b>3,780,030</b>	<b>1,784,430</b>	<b>1,995,600</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(165,500)	(1,360,030)	1,383,584	2,743,614
<b>OTHER FINANCING SOURCES (USES)</b>				
Investments - FMV Change	-	-	(24,825)	(24,825)
Transfers In	-	-	-	-
Transfers Out	(34,500)	(36,750)	(36,750)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(34,500)</b>	<b>(36,750)</b>	<b>(61,575)</b>	<b>(24,825)</b>
<b>Net Change in Fund Balance</b>	<b>(200,000)</b>	<b>(1,396,780)</b>	<b>1,322,009</b>	<b>2,718,789</b>
<b>Fund Balance - Beginning</b>	<b>3,807,548</b>	<b>3,807,548</b>	<b>3,807,548</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,607,548</b>	<b>\$ 2,410,768</b>	<b>\$ 5,129,557</b>	<b>\$ 2,718,789</b>

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 38,000	\$ 38,000	\$ 18,801	\$ (19,199)
Miscellaneous Revenues	2,000	2,000	1,628	(372)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>20,429</u>	<u>(19,571)</u>
<b>EXPENDITURES</b>				
Current:				
Miscellaneous Expenditures	40,000	40,000	15,445	24,555
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>15,445</u>	<u>24,555</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	4,984	4,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	4,984	4,984
Fund Balance - Beginning	51,532	51,532	51,532	-
Fund Balance - Ending	<u>\$ 51,532</u>	<u>\$ 51,532</u>	<u>\$ 56,516</u>	<u>\$ 4,984</u>

City of Orem  
Transportation Sales Tax - Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For The Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales Taxes	\$ 2,300,000	\$ 2,300,000	\$ 2,861,927	\$ 561,927
Investment Earnings	7,000	7,000	13,651	6,651
Total Revenues	<u>2,307,000</u>	<u>2,307,000</u>	<u>2,875,578</u>	<u>568,578</u>
<b>EXPENDITURES</b>				
Current:				
Highways & Public Improvements	288,811	292,811	216,480	76,331
Capital Outlay	2,018,189	4,267,111	2,004,683	2,262,428
Total Expenditures	<u>2,307,000</u>	<u>4,559,922</u>	<u>2,221,163</u>	<u>2,338,759</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(2,252,922)	654,415	2,907,337
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(2,252,922)	654,415	2,907,337
Fund Balance - Beginning	<u>3,024,277</u>	<u>3,024,277</u>	<u>3,024,277</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,024,277</u>	<u>\$ 771,355</u>	<u>\$ 3,678,692</u>	<u>\$ 2,907,337</u>

City of Orem  
Redevelopment Agency - Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For The Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,100,000	\$ 1,106,659	\$ 1,250,813	\$ 144,154
Property Taxes - Tax Increment	455,000	448,341	748,342	300,001
Investment Earnings	-	-	28,079	28,079
Miscellaneous Revenues	-	-	13,200	13,200
Total Revenues	<u>1,555,000</u>	<u>1,555,000</u>	<u>2,040,434</u>	<u>485,434</u>
<b>EXPENDITURES</b>				
Current:				
Redevelopment	1,045,000	1,265,019	1,229,620	35,399
Capital Outlay	-	4,630,024	4,745	4,625,279
Total Expenditures	<u>1,045,000</u>	<u>5,895,043</u>	<u>1,234,365</u>	<u>4,660,678</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>510,000</u>	<u>(4,340,043)</u>	<u>806,069</u>	<u>5,146,112</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Investments - FMV Change	-	-	(1,434)	(1,434)
Transfers In	-	-	-	-
Transfers Out	(624,523)	(631,731)	(631,731)	-
Total Other Financing Sources (Uses)	<u>(624,523)</u>	<u>(631,731)</u>	<u>(633,165)</u>	<u>(1,434)</u>
Net Change in Fund Balance	(114,523)	(4,971,774)	172,904	5,144,678
Fund Balance - Beginning	<u>5,157,574</u>	<u>5,157,574</u>	<u>5,157,574</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,043,051</u>	<u>\$ 185,800</u>	<u>\$ 5,330,478</u>	<u>\$ 5,144,678</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 732,000	\$ 1,029,211	\$ 797,336	\$ (231,875)
Charges for Services	165,000	165,000	80,023	(84,977)
Investment Earnings	500	500	429	(71)
Total Revenues	<u>897,500</u>	<u>1,194,711</u>	<u>877,788</u>	<u>(316,923)</u>
<b>EXPENDITURES</b>				
Current:				
Economic and Physical Development	429,556	954,470	506,038	448,432
Capital Outlay	200,000	423,601	87,501	336,100
Debt Service:				
Principal Retirement	80,000	80,000	115,000	(35,000)
Interest and Fiscal Charges	10,953	11,403	11,398	5
Total Expenditures	<u>720,509</u>	<u>1,469,474</u>	<u>719,937</u>	<u>749,537</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>176,991</u>	<u>(274,763)</u>	<u>157,851</u>	<u>432,614</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Investments - FMV Change	-	-	(3,538)	(3,538)
Transfers In	-	-	-	-
Transfers Out	(176,991)	(180,049)	(109,183)	70,866
Total Other Financing Sources (Uses)	<u>(176,991)</u>	<u>(180,049)</u>	<u>(112,721)</u>	<u>67,328</u>
Net Change in Fund Balance	-	(454,812)	45,130	499,942
Fund Balance - Beginning	<u>493,971</u>	<u>493,971</u>	<u>493,971</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 493,971</u>	<u>\$ 39,159</u>	<u>\$ 539,101</u>	<u>\$ 499,942</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Miscellaneous Revenues	\$ 267,000	\$ 275,942	\$ 282,842	\$ 6,900
Total Revenues	<u>267,000</u>	<u>275,942</u>	<u>282,842</u>	<u>6,900</u>
<b>EXPENDITURES</b>				
Current:				
City Programs	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>267,000</u>	<u>275,942</u>	<u>282,842</u>	<u>6,900</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(267,000)	(327,122)	(327,122)	-
Total Other Financing Sources (Uses)	<u>(267,000)</u>	<u>(327,122)</u>	<u>(327,122)</u>	<u>-</u>
Net Change in Fund Balance	-	(51,180)	(44,280)	6,900
Fund Balance - Beginning	<u>51,180</u>	<u>51,180</u>	<u>51,180</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 51,180</u>	<u>\$ -</u>	<u>\$ 6,900</u>	<u>\$ 6,900</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 16,400	\$ 16,400	\$ 39,836	\$ 23,436
Investment Earnings	750	750	1,691	941
Miscellaneous Revenues	20,850	20,850	2,705	(18,145)
Total Revenues	<u>38,000</u>	<u>38,000</u>	<u>44,232</u>	<u>6,232</u>
<b>EXPENDITURES</b>				
Current:				
Tours	12,450	20,290	20,286	4
Miscellaneous Expenditures	25,550	17,710	13,371	4,339
Total Expenditures	<u>38,000</u>	<u>38,000</u>	<u>33,657</u>	<u>4,343</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	10,575	10,575
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	(22,500)	(22,500)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(22,500)</u>	<u>(22,500)</u>	<u>-</u>
Net Change in Fund Balance	-	(22,500)	(11,925)	10,575
Fund Balance - Beginning	<u>319,559</u>	<u>319,559</u>	<u>319,559</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 319,559</u>	<u>\$ 297,059</u>	<u>\$ 307,634</u>	<u>\$ 10,575</u>

## 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, 2022

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,632,908	\$ 1,283,235	\$ 1,216,327	\$ 922,337
Accounts Receivable (Net of Allowance for Doubtful Accounts)	1,859	33,378	498,691	477,449
Total Current Assets	<u>1,634,767</u>	<u>1,316,613</u>	<u>1,715,018</u>	<u>1,399,786</u>
Noncurrent Assets:				
Capital Assets:				
Land	39,822	39,822	-	-
Buildings and Systems	1,509,500	1,509,500	-	-
Improvements other than Buildings	399,238	399,238	-	-
Machinery and Equipment	5,780	5,780	-	-
Infrastructure	-	-	-	-
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	(1,750,774)	(1,730,432)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>203,566</u>	<u>223,908</u>	<u>-</u>	<u>-</u>
Net Pension Assets	767	-	-	-
Total Noncurrent Assets	<u>204,333</u>	<u>223,908</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,839,100</u>	<u>1,540,521</u>	<u>1,715,018</u>	<u>1,399,786</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	275	34,320	-	-
Total Deferred Outflows of Resources	<u>275</u>	<u>34,320</u>	<u>-</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 1,839,375</u>	<u>\$ 1,574,841</u>	<u>\$ 1,715,018</u>	<u>\$ 1,399,786</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 67,721	\$ 57,852	\$ 313,403	\$ 311,783
Accrued Liabilities	57,863	143,771	-	-
Accrued Vacation Leave	6,347	36,349	-	-
Unearned Revenues	935,873	933,909	-	-
Total Current Liabilities	<u>1,067,804</u>	<u>1,171,881</u>	<u>313,403</u>	<u>311,783</u>
Noncurrent Liabilities:				
Accrued Vacation Leave	334	1,913	-	-
Net Pension Liability	-	16,621	-	-
Total Noncurrent Liabilities	<u>334</u>	<u>18,534</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,068,138</u>	<u>1,190,415</u>	<u>313,403</u>	<u>311,783</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	820	37,474	-	-
Total Deferred Inflows of Resources	<u>820</u>	<u>37,474</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets Restricted for Pensions	203,566	223,908	-	-
Unrestricted	566,084	123,044	1,401,615	1,088,003
Total Net Position	<u>770,417</u>	<u>346,952</u>	<u>1,401,615</u>	<u>1,088,003</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 1,839,375</u>	<u>\$ 1,574,841</u>	<u>\$ 1,715,018</u>	<u>\$ 1,399,786</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 1,727,584	\$ 2,439,178	\$ 4,576,819	\$ 4,644,750
92,087	87,278	592,637	598,105
<u>1,819,671</u>	<u>2,526,456</u>	<u>5,169,456</u>	<u>5,242,855</u>
-	-	39,822	39,822
-	-	1,509,500	1,509,500
-	-	399,238	399,238
140,347	140,347	146,127	146,127
3,958,579	2,967,393	3,958,579	2,967,393
-	10,291	-	10,291
<u>(832,308)</u>	<u>(722,260)</u>	<u>(2,583,082)</u>	<u>(2,452,692)</u>
3,266,618	2,395,771	3,470,184	2,619,679
262	-	1,029	-
<u>3,266,880</u>	<u>2,395,771</u>	<u>3,471,213</u>	<u>2,619,679</u>
<u>5,086,551</u>	<u>4,922,227</u>	<u>8,640,669</u>	<u>7,862,534</u>
95	7,113	370	41,433
95	7,113	370	41,433
<u>\$ 5,086,646</u>	<u>\$ 4,929,340</u>	<u>\$ 8,641,039</u>	<u>\$ 7,903,967</u>
\$ 11,069	\$ 10,384	\$ 392,193	\$ 380,019
3,303	11,055	61,166	154,826
3,005	12,541	9,352	48,890
-	-	935,873	933,909
<u>17,377</u>	<u>33,980</u>	<u>1,398,584</u>	<u>1,517,644</u>
158	660	492	2,573
-	3,444	-	20,065
158	4,104	492	22,638
<u>17,535</u>	<u>38,084</u>	<u>1,399,076</u>	<u>1,540,282</u>
280	7,767	1,100	45,241
<u>280</u>	<u>7,767</u>	<u>1,100</u>	<u>45,241</u>
3,266,618	2,395,771	3,470,184	2,619,679
262	-	1,029	-
<u>1,801,951</u>	<u>2,487,718</u>	<u>3,769,650</u>	<u>3,698,765</u>
<u>5,068,831</u>	<u>4,883,489</u>	<u>7,240,863</u>	<u>6,318,444</u>
<u>\$ 5,086,646</u>	<u>\$ 4,929,340</u>	<u>\$ 8,641,039</u>	<u>\$ 7,903,967</u>

City of Orem  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Proprietary Funds  
For The Year Ended June 30, 2022

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,141,867	\$ 1,159,477	\$ 4,604,688
Other Revenues	977	254	19,606
Total Operating Revenues	<u>3,142,844</u>	<u>1,159,731</u>	<u>4,624,294</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	1,613,225	1,158,454	-
Supplies and Maintenance	541,130	483,762	151,385
Administrative Fee	21,665	21,333	235,040
Utilities	444,406	333,020	-
Contract Services	42,076	23,495	3,771,159
Equipment Lease and Rentals	-	-	-
Insurance	24,461	24,664	-
Depreciation	20,342	109,874	-
Miscellaneous	18,438	6,480	84,019
Total Operating Expenses	<u>2,725,743</u>	<u>2,161,082</u>	<u>4,241,603</u>
Operating Income (Loss)	<u>417,101</u>	<u>(1,001,351)</u>	<u>382,691</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Investment Earnings	6,106	3,116	4,503
Gain (Loss) on Sale of Capital Assets	5,712	(149,992)	-
Total Nonoperating Revenues & Expenses	<u>11,818</u>	<u>(146,876)</u>	<u>4,503</u>
Income (Loss) before Transfers	428,919	(1,148,227)	387,194
Transfers In	67,000	400,416	-
Transfers Out	(72,454)	(80,303)	(73,582)
Change in Net Position	423,465	(828,114)	313,612
Total Net Position - Beginning	<u>346,952</u>	<u>1,175,066</u>	<u>1,088,003</u>
Total Net Position - Ending	<u>\$ 770,417</u>	<u>\$ 346,952</u>	<u>\$ 1,401,615</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
\$ 4,361,147	\$ 938,886	\$ 897,338	\$ 8,685,441	\$ 6,417,962
9,612	130,114	158,319	150,697	168,185
<u>4,370,759</u>	<u>1,069,000</u>	<u>1,055,657</u>	<u>8,836,138</u>	<u>6,586,147</u>
-	151,521	156,518	1,764,746	1,314,972
159,366	79,204	25,707	771,719	668,835
225,482	72,424	68,242	329,129	315,057
-	97,336	125,682	541,742	458,702
3,765,926	9,593	-	3,822,828	3,789,421
-	-	399	-	399
-	571	568	25,032	25,232
-	110,048	91,106	130,390	200,980
76,618	1,791	1,103	104,248	84,201
<u>4,227,392</u>	<u>522,488</u>	<u>469,325</u>	<u>7,489,834</u>	<u>6,857,799</u>
<u>143,367</u>	<u>546,512</u>	<u>586,332</u>	<u>1,346,304</u>	<u>(271,652)</u>
2,862	9,108	11,108	19,717	17,086
-	-	4,655	5,712	(145,337)
<u>2,862</u>	<u>9,108</u>	<u>15,763</u>	<u>25,429</u>	<u>(128,251)</u>
<u>146,229</u>	<u>555,620</u>	<u>602,095</u>	<u>1,371,733</u>	<u>(399,903)</u>
-	-	-	67,000	400,416
<u>(106,354)</u>	<u>(370,278)</u>	<u>(370,880)</u>	<u>(516,314)</u>	<u>(557,537)</u>
39,875	185,342	231,215	922,419	(557,024)
<u>1,048,128</u>	<u>4,883,489</u>	<u>4,652,274</u>	<u>6,318,444</u>	<u>6,875,468</u>
<u>\$ 1,088,003</u>	<u>\$ 5,068,831</u>	<u>\$ 4,883,489</u>	<u>\$ 7,240,863</u>	<u>\$ 6,318,444</u>

City of Orem  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For The Year Ended June 30, 2022

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 3,176,327	\$ 1,973,066	\$ 4,603,052	\$ 4,350,314
Payments to Suppliers	(1,061,888)	(830,013)	(4,004,943)	(4,001,487)
Payments for Personnel	(1,749,465)	(1,151,663)	-	-
Payments for Interfund Services Used	(21,665)	(21,333)	(235,040)	(225,482)
Net Cash Provided (Used) by Operating Activities	<u>343,309</u>	<u>(29,943)</u>	<u>363,069</u>	<u>123,345</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	67,000	400,416	-	-
Transfers Out	(72,454)	(80,303)	(73,582)	(106,354)
Net Cash Provided (Used) by Noncapital Activities	<u>(5,454)</u>	<u>320,113</u>	<u>(73,582)</u>	<u>(106,354)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	-	-	-	-
Proceeds from Sales of Capital Assets	5,712	1,777	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>5,712</u>	<u>1,777</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment Earnings	6,106	3,116	4,503	2,862
Net Cash Provided (Used) by Investing Activities	<u>6,106</u>	<u>3,116</u>	<u>4,503</u>	<u>2,862</u>
Net Increase (Decrease) in Cash and Cash Equivalents	349,673	295,063	293,990	19,853
Cash and Cash Equivalents - Beginning of Year	1,283,235	988,172	922,337	902,484
Cash and Cash Equivalents - End of Year	<u>\$ 1,632,908</u>	<u>\$ 1,283,235</u>	<u>\$ 1,216,327</u>	<u>\$ 922,337</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 417,101	\$ (1,001,351)	\$ 382,691	\$ 143,367
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 20,342	\$ 109,874	\$ -	\$ -
(Increase) Decrease in Receivables	31,519	(32,878)	(21,242)	(20,445)
(Increase) Decrease in Prepaids	-	-	-	-
(Increase) Decrease in Pension Assets	33,278	49,780	-	-
Increase (Decrease) in Accounts Payable	9,869	29,092	1,620	423
Increase (Decrease) in Accrued Liabilities	(85,908)	79,097	-	-
Increase (Decrease) in Unearned Revenue	1,964	846,213	-	-
Increase (Decrease) in Accrued Vacation Leave	(31,581)	6,424	-	-
Increase (Decrease) in Pension Liabilities	(53,275)	(116,194)	-	-
Total Adjustments	<u>(73,792)</u>	<u>971,408</u>	<u>(19,622)</u>	<u>(20,022)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 343,309</u>	<u>\$ (29,943)</u>	<u>\$ 363,069</u>	<u>\$ 123,345</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 1,064,191	\$ 1,053,912	\$ 8,843,570	\$ 7,377,292
(187,810)	(144,339)	(5,254,641)	(4,975,839)
(173,486)	(167,249)	(1,922,951)	(1,318,912)
(72,424)	(68,242)	(329,129)	(315,057)
<u>630,471</u>	<u>674,082</u>	<u>1,336,849</u>	<u>767,484</u>
-	-	67,000	400,416
(370,278)	(370,880)	(516,314)	(557,537)
<u>(370,278)</u>	<u>(370,880)</u>	<u>(449,314)</u>	<u>(157,121)</u>
(980,895)	(71,134)	(980,895)	(71,134)
-	4,655	5,712	6,432
<u>(980,895)</u>	<u>(66,479)</u>	<u>(975,183)</u>	<u>(64,702)</u>
9,108	11,108	19,717	17,086
<u>9,108</u>	<u>11,108</u>	<u>19,717</u>	<u>17,086</u>
(711,594)	247,831	(67,931)	562,747
2,439,178	2,191,347	4,644,750	4,082,003
<u>\$ 1,727,584</u>	<u>\$ 2,439,178</u>	<u>\$ 4,576,819</u>	<u>\$ 4,644,750</u>
\$ 546,512	\$ 586,332	1,346,304	(271,652)
\$ 110,048	\$ 91,106	130,390	200,980
(4,809)	(1,745)	5,468	(55,068)
-	-	-	-
6,756	10,738	40,034	60,518
685	9,120	12,174	38,635
(7,752)	3,538	(93,660)	82,635
-	-	1,964	846,213
(10,038)	(74)	(41,619)	6,350
(10,931)	(24,933)	(64,206)	(141,127)
<u>83,959</u>	<u>87,750</u>	<u>(9,455)</u>	<u>1,039,136</u>
<u>\$ 630,471</u>	<u>\$ 674,082</u>	<u>\$ 1,336,849</u>	<u>\$ 767,484</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 accounts for the repair and maintenance of vehicles and equipment for all City operations. It is financed by charges made to other funds for use of its 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 fiscal year.

Purchasing/Warehousing Fund – This fund accounts for the central purchasing and warehousing functions 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 fiscal year.

Self-Insurance Fund – This fund accounts 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. Charges for employee insurance benefits are made directly to each fund as a part of the payroll system. See footnote 5.A. for additional information regarding this fund.

Information Technology Fund – This fund accounts for the technological needs of the City including, but not limited to, computers, servers, networks, telephone systems, cell phone services, software, internet services, and all maintenance needs related thereto. It provides these services 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 fiscal year.

Facilities Maintenance Fund – This fund accounts for the repair and maintenance of all city facilities. It is financed by charges made to other funds for use of its services. Supplies and materials are charged at cost to the specific fund. Personnel, administrative and overhead costs are charged on an estimated allocation basis established at the beginning of each fiscal year.

**City of Orem**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2022**

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Facilities Maintenance	Total
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 466,898	\$ 71,371	\$ 2,944,693	\$ 1,440,483	\$ -	\$ 4,923,445
Inventories	-	402,448	-	-	-	402,448
Prepays	-	-	8,750	21,909	-	30,659
Total Current Assets	<u>466,898</u>	<u>473,819</u>	<u>2,953,443</u>	<u>1,462,392</u>	<u>-</u>	<u>5,356,552</u>
Noncurrent Assets:						
Capital Assets:						
Buildings	-	150,000	-	-	-	150,000
Improvements other than Buildings	-	-	-	-	53,413	53,413
Machinery and Equipment	196,584	39,442	-	339,820	103,889	679,735
Intangibles	-	-	-	88,548	-	88,548
Less Accumulated Depreciation	(175,499)	(117,531)	-	(147,273)	(32,781)	(473,084)
Total Capital Assets (Net of Accumulated Depreciation)	<u>21,085</u>	<u>71,911</u>	<u>-</u>	<u>281,095</u>	<u>124,521</u>	<u>498,612</u>
Net Pension Assets	<u>109,049</u>	<u>22,821</u>	<u>50,826</u>	<u>1,241,543</u>	<u>127,466</u>	<u>1,551,705</u>
Total Noncurrent Assets	<u>130,134</u>	<u>94,732</u>	<u>50,826</u>	<u>1,522,638</u>	<u>251,987</u>	<u>2,050,317</u>
Total Assets	<u>597,032</u>	<u>568,551</u>	<u>3,004,269</u>	<u>2,985,030</u>	<u>251,987</u>	<u>7,406,869</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pensions	<u>38,981</u>	<u>8,158</u>	<u>18,167</u>	<u>443,808</u>	<u>45,565</u>	<u>554,679</u>
Total Deferred Outflows of Resources	<u>38,981</u>	<u>8,158</u>	<u>18,167</u>	<u>443,808</u>	<u>45,565</u>	<u>554,679</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 636,013</u>	<u>\$ 576,709</u>	<u>\$ 3,022,436</u>	<u>\$ 3,428,838</u>	<u>\$ 297,552</u>	<u>\$ 7,961,548</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 947	\$ 262	\$ 3,420	\$ 35,249	\$ 16,035	\$ 55,913
Accrued Liabilities	6,852	4,726	1,979	21,430	18,930	53,917
Due to Other Funds	-	-	-	-	152,778	152,778
Accrued Vacation Leave	39,716	14,206	7,944	79,074	17,928	158,868
Claims and Judgments	-	-	575,802	-	-	575,802
Lease Payable - Current	1,100	-	-	-	-	1,100
Total Current Liabilities	<u>48,615</u>	<u>19,194</u>	<u>589,145</u>	<u>135,753</u>	<u>205,671</u>	<u>998,378</u>
Noncurrent Liabilities:						
Accrued Vacation Leave	2,090	747	418	4,161	944	8,360
Claims and Judgments	-	-	1,589,663	-	-	1,589,663
Lease Payable - Long-term	20,084	-	-	-	-	20,084
Total Noncurrent Liabilities	<u>22,174</u>	<u>747</u>	<u>1,590,081</u>	<u>4,161</u>	<u>944</u>	<u>1,618,107</u>
Total Liabilities	<u>70,789</u>	<u>19,941</u>	<u>2,179,226</u>	<u>139,914</u>	<u>206,615</u>	<u>2,616,485</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions	<u>116,564</u>	<u>24,394</u>	<u>54,328</u>	<u>1,327,105</u>	<u>136,251</u>	<u>1,658,642</u>
Total Deferred Inflows of Resources	<u>116,564</u>	<u>24,394</u>	<u>54,328</u>	<u>1,327,105</u>	<u>136,251</u>	<u>1,658,642</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	(99)	71,911	-	281,095	124,521	477,428
Restricted for Pensions	109,049	22,821	50,826	1,241,543	127,466	1,551,705
Unrestricted	339,710	437,642	738,056	439,181	(297,301)	1,657,288
Total Net Position	<u>448,660</u>	<u>532,374</u>	<u>788,882</u>	<u>1,961,819</u>	<u>(45,314)</u>	<u>3,686,421</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 636,013</u>	<u>\$ 576,709</u>	<u>\$ 3,022,436</u>	<u>\$ 3,428,838</u>	<u>\$ 297,552</u>	<u>\$ 7,961,548</u>

City of Orem  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For The Year Ended June 30, 2022

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Facilities Maintenance	Total
<b>OPERATING REVENUES:</b>						
Charges for Services to Other Funds	\$ 850,000	\$ 380,000	\$ 2,147,719	\$ 2,442,000	\$ 1,700,000	\$ 7,519,719
Other Revenues	-	-	-	7,458	-	7,458
Total Operating Revenues	<u>850,000</u>	<u>380,000</u>	<u>2,147,719</u>	<u>2,449,458</u>	<u>1,700,000</u>	<u>7,527,177</u>
<b>OPERATING EXPENSES:</b>						
Personnel Services	484,588	233,510	103,221	1,189,392	982,572	2,993,283
Supplies, Maintenance and Claims	238,637	101,692	3,074,812	850,975	444,843	4,710,959
Utilities	-	-	-	-	448,272	448,272
Equipment Lease & Rentals	-	-	-	10,876	-	10,876
Depreciation Expense	9,666	6,704	-	48,592	11,969	76,931
Total Operating Expenses	<u>732,891</u>	<u>341,906</u>	<u>3,178,033</u>	<u>2,099,835</u>	<u>1,887,656</u>	<u>8,240,321</u>
Operating Income (Loss)	<u>117,109</u>	<u>38,094</u>	<u>(1,030,314)</u>	<u>349,623</u>	<u>(187,656)</u>	<u>(713,144)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Gain (Loss) on Sales of Fixed Assets	-	-	-	972	-	972
Interest Expense and Fiscal Charges	-	-	-	(30)	-	(30)
Total Nonoperating Revenues (Expenses)	-	-	-	942	-	942
Income (Loss) before Operating Transfers	117,109	38,094	(1,030,314)	350,565	(187,656)	(712,202)
Transfers In	-	-	-	-	-	-
Transfers Out	(77,192)	-	-	-	-	(77,192)
Change in Net Position	<u>39,917</u>	<u>38,094</u>	<u>(1,030,314)</u>	<u>350,565</u>	<u>(187,656)</u>	<u>(789,394)</u>
Total Net Position - Beginning	<u>408,743</u>	<u>494,280</u>	<u>1,819,196</u>	<u>1,611,254</u>	<u>142,342</u>	<u>4,475,815</u>
Total Net Position - Ending	<u>\$ 448,660</u>	<u>\$ 532,374</u>	<u>\$ 788,882</u>	<u>\$ 1,961,819</u>	<u>\$ (45,314)</u>	<u>\$ 3,686,421</u>

**City of Orem**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Year Ended June 30, 2022**

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Facilities Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Interfund Services Provided	\$ 850,000	\$ 380,000	\$ 2,147,719	\$ 2,449,458	\$ 1,700,000	\$ 7,527,177
Payments to Suppliers	(260,974)	(171,076)	(1,842,770)	(833,530)	(819,568)	(3,927,918)
Payments for Personnel	(539,466)	(235,398)	(123,396)	(1,511,267)	(1,033,329)	(3,442,856)
Net Cash Provided (Used) by Operating Activities	49,560	(26,474)	181,553	104,661	(152,897)	156,403
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	(77,192)	-	-	-	-	(77,192)
Net Cash Provided (Used) by Noncapital Financing Activities	(77,192)	-	-	-	-	(77,192)
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>						
Acquisition of Capital Assets	-	-	-	(8,847)	(69,086)	(77,933)
Proceeds from the Sale of Capital Assets	-	-	-	972	-	972
Principal paid on Outstanding Debt	(980)	-	-	(6,143)	-	(7,123)
Interest paid on Outstanding Debt	-	-	-	(30)	-	(30)
Net Cash Provided (Used) in Capital Financing Activities	(980)	-	-	(14,048)	(69,086)	(84,114)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Investment Earnings	-	-	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(28,612)	(26,474)	181,553	90,613	(221,983)	(4,903)
Cash and Cash Equivalents - Beginning of Year	495,510	97,845	2,763,140	1,349,870	221,983	4,928,348
Cash and Cash Equivalents - End of Year	\$ 466,898	\$ 71,371	\$ 2,944,693	\$ 1,440,483	\$ -	\$ 4,923,445
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 117,109	\$ 38,094	\$ (1,030,314)	\$ 349,623	\$ (187,656)	\$ (713,144)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	9,666	6,704	-	48,592	11,969	76,931
(Increase) Decrease in Accounts Receivable	-	-	-	-	-	-
(Increase) Decrease in Inventory	-	(62,959)	-	-	-	(62,959)
(Increase) Decrease in Prepays	-	-	(8,750)	65,082	-	56,332
(Increase) Decrease in Pension Assets	(120,765)	(27,384)	(61,005)	(1,261,046)	(152,263)	(1,622,463)
Increase (Decrease) in Accounts Payable	(1,163)	(244)	(19,206)	13,533	101,114	94,034
Increase (Decrease) in Accrued Liabilities	(21,174)	(6,181)	(3,929)	(50,294)	(27,567)	(109,145)
Increase (Decrease) in Accrued Vacation Leave	(7,703)	6,768	(906)	(25,408)	(2,010)	(29,259)
Increase (Decrease) in Pension Liabilities	73,590	18,728	41,736	964,579	103,516	1,202,149
Increase (Decrease) in Claims and Judgments	-	-	1,263,927	-	-	1,263,927
Total Adjustments	(67,549)	(64,568)	1,211,867	(244,962)	34,759	869,547
Net Cash Provided (Used) by Operating Activities	\$ 49,560	\$ (26,474)	\$ 181,553	\$ 104,661	\$ (152,897)	\$ 156,403

**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 - Comparative<sup>1</sup>  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 72,570,455	\$ 72,551,355
Buildings	70,349,665	42,278,099
Improvements other than Buildings	42,990,893	40,920,396
Machinery and Equipment	27,911,510	24,490,860
Infrastructure	128,868,445	127,468,399
Construction in Progress	1,825,892	30,221,923
Total Governmental Funds Capital Assets	<u>\$ 344,516,860</u>	<u>\$ 337,931,032</u>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
General Fund	\$ 256,074,315	\$ 252,996,139
Capital Projects Fund	57,075,941	55,867,019
Federal Grants	615,669	635,635
Road Funds	21,787,561	19,556,366
Redevelopment	4,329,828	4,329,828
Community Development	4,633,546	4,546,045
Total Governmental Funds Capital Assets	<u>\$ 344,516,860</u>	<u>\$ 337,931,032</u>

<sup>1</sup> 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 Activity<sup>1</sup>  
June 30, 2022

Function and Activity	Land	Buildings	Improvements Other Than Buildings
<b>General Government:</b>			
Executive	\$ -	\$ 2,075	\$ 81,479
Personnel Administration	-	-	-
Finance	-	-	26,263
Legal	-	-	-
Development Services	-	-	-
General Government	1,710,203	3,841,058	5,089,282
Engineering	-	-	-
Redevelopment	1,870,418	-	85,080
Community Development	-	8,105	2,390,378
Total General Government	3,580,621	3,851,238	7,672,482
<b>Public Safety:</b>			
Administration	-	5,377,906	28,407
Police Protection	-	-	145,296
Fire Protection	174,096	2,486,089	935,128
Emergency Services	-	1,580	-
Total Public Safety	174,096	7,865,575	1,108,831
<b>Highways and Streets:</b>			
Administration & Engineering	33,550	7,874,114	363,324
Street System	52,524,889	5,719,337	6,282,744
Street Lighting	-	-	1,421,854
Total Highways and Streets	52,558,439	13,593,451	8,067,922
<b>Parks and Recreation</b>	16,034,954	35,355,951	24,804,024
<b>Library</b>	222,345	9,683,450	1,337,634
<b>Total Governmental Funds Capital Assets</b>	\$ 72,570,455	\$ 70,349,665	\$ 42,990,893

<sup>1</sup>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.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 740,864	\$ -	\$ -	\$ 824,418
8,013	-	-	8,013
344,119	-	-	370,382
21,498	-	-	21,498
179,778	-	-	179,778
176,997	291,427	-	11,108,967
411,198	-	-	411,198
-	2,374,330	-	4,329,828
-	2,234,832	231	4,633,546
<u>1,882,467</u>	<u>4,900,589</u>	<u>231</u>	<u>21,887,628</u>
1,550,466	-	-	6,956,779
6,894,967	-	-	7,040,263
8,986,934	253,496	-	12,835,743
77,072	-	-	78,652
<u>17,509,439</u>	<u>253,496</u>	<u>-</u>	<u>26,911,437</u>
326,623	-	-	8,597,611
4,355,007	121,738,270	1,740,067	192,360,314
-	1,136,156	-	2,558,010
<u>4,681,630</u>	<u>122,874,426</u>	<u>1,740,067</u>	<u>203,515,935</u>
3,051,739	839,934	85,594	80,172,196
786,235	-	-	12,029,664
<u>\$ 27,911,510</u>	<u>\$ 128,868,445</u>	<u>\$ 1,825,892</u>	<u>\$ 344,516,860</u>



City of Orem  
Schedules of Capital Assets Used in The Operations of Governmental Funds  
Schedule of Changes By Function and Activity<sup>1</sup>  
For The Year Ended June 30, 2022

Function and Activity	Governmental Funds Capital Assets June 30, 2021	Additions	Deductions	Governmental Funds Capital Assets June 30, 2022
<b>General Government:</b>				
Executive	\$ 824,418	\$ -	\$ -	\$ 824,418
Personnel Administration	8,013	-	-	8,013
Finance	376,302	-	(5,920)	370,382
Legal	21,498	-	-	21,498
Development Services	179,778	-	-	179,778
General Government	11,080,737	28,230	-	11,108,967
Engineering	385,392	25,806	-	411,198
Redevelopment	4,329,828	-	-	4,329,828
Community Development	4,546,044	87,502	-	4,633,546
Total General Government	<u>21,752,010</u>	<u>141,538</u>	<u>(5,920)</u>	<u>21,887,628</u>
<b>Public Safety:</b>				
Administration	6,643,105	313,674	-	6,956,779
Police Protection	6,663,180	692,862	(315,779)	7,040,263
Fire Protection	11,957,809	1,010,943	(133,009)	12,835,743
Emergency Services	78,652	-	-	78,652
Total Public Safety	<u>25,342,746</u>	<u>2,017,479</u>	<u>(448,788)</u>	<u>26,911,437</u>
<b>Highways and Streets:</b>				
Administration & Engineering	8,597,611	-	-	8,597,611
Street System	188,377,830	4,255,278	(272,794)	192,360,314
Street Lighting	2,558,010	-	-	2,558,010
Total Highways and Streets	<u>199,533,451</u>	<u>4,255,278</u>	<u>(272,794)</u>	<u>203,515,935</u>
<b>Parks and Recreation</b>	79,317,741	897,555	(43,100)	80,172,196
<b>Library</b>	11,985,084	44,580	-	12,029,664
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 337,931,032</u>	<u>\$ 7,356,430</u>	<u>\$ (770,602)</u>	<u>\$ 344,516,860</u>

<sup>1</sup>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>
<b>Financial Trends</b>	<b>152</b>
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>160</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity and Other Debt Information</b>	<b>171</b>
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.	
<b>Demographic and Economic Information</b>	<b>181</b>
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.	
<b>Operating and Other Information</b>	<b>186</b>
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			
	2013	2014	2015	2016
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 116,156,331	\$ 119,632,622	\$ 125,400,639	\$ 126,818,760
Restricted:				
Debt Service	3,321,577	3,962,783	4,397,812	3,276,616
Capital Improvements	14,939,254	13,182,105	13,746,082	14,968,717
Pensions	-	-	474,700	18,819
Community Development	5,238,370	2,077,923	2,325,070	1,966,450
Subtotal - Restricted	23,499,201	19,222,811	20,943,664	20,230,602
Unrestricted	15,467,624	18,050,956	14,694,051	22,000,259
Total Governmental Activities Net Position	155,123,156	156,906,389	161,038,354	169,049,621
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	52,401,013	51,205,761	55,221,666	56,904,569
Restricted:				
Debt Service	2,035,413	2,415,159	1,658,404	2,448,592
Capital Improvements	-	44,000	66,000	88,000
Pensions	-	-	2,025	145
Subtotal - Restricted	2,035,413	2,459,159	1,726,429	2,536,737
Unrestricted	13,503,553	17,867,439	18,391,654	20,298,964
Total Business-type Activities Net Position	67,939,979	71,532,359	75,339,749	79,740,270
<b>Primary Government:</b>				
Net Investment in Capital Assets	168,557,344	170,838,383	180,622,305	183,723,329
Restricted:				
Debt Service	5,356,990	6,377,942	6,056,216	5,725,208
Capital Improvements	14,939,254	13,226,105	13,812,082	15,056,717
Pensions	-	-	476,725	18,964
Community Development	5,238,370	2,077,923	2,325,070	1,966,450
Subtotal - Restricted	25,534,614	21,681,970	22,670,093	22,767,339
Unrestricted	28,971,177	35,918,395	33,085,705	42,299,223
Total Primary Government Net Position	\$ 223,063,135	\$ 228,438,748	\$ 236,378,103	\$ 248,789,891

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 131,968,221	\$ 133,402,160	\$ 134,356,643	\$ 138,676,061	\$ 154,447,536	\$ 155,974,028
3,124,343	3,344,100	5,845,268	4,928,893	4,171,302	3,465,584
12,172,402	12,037,092	15,739,000	18,992,324	10,967,133	13,950,399
11,876	871,227	-	2,426,403	5,693,222	20,096,352
<u>2,465,412</u>	<u>3,609,728</u>	<u>3,832,719</u>	<u>4,048,008</u>	<u>10,406,252</u>	<u>12,693,720</u>
17,774,033	19,862,147	25,416,987	30,395,628	31,237,909	50,206,055
<u>23,803,593</u>	<u>27,529,253</u>	<u>29,921,317</u>	<u>36,678,544</u>	<u>45,425,272</u>	<u>45,819,720</u>
<u>173,545,847</u>	<u>180,793,560</u>	<u>189,694,947</u>	<u>205,750,233</u>	<u>231,110,717</u>	<u>251,999,803</u>
59,715,600	63,143,175	69,151,941	74,134,249	77,095,912	81,282,909
1,860,333	1,995,491	2,121,261	2,157,258	2,218,876	3,592,614
110,000	194,727	983,589	1,057,806	19,006,176	19,269,762
-	-	-	-	111,544	2,079,804
<u>1,970,333</u>	<u>2,190,218</u>	<u>3,104,850</u>	<u>3,215,064</u>	<u>21,336,596</u>	<u>24,942,180</u>
<u>27,455,917</u>	<u>37,657,454</u>	<u>47,291,346</u>	<u>61,047,974</u>	<u>54,700,557</u>	<u>58,419,253</u>
<u>89,141,850</u>	<u>102,990,847</u>	<u>119,548,137</u>	<u>138,397,287</u>	<u>153,133,065</u>	<u>164,644,342</u>
191,683,821	196,545,335	203,508,584	212,810,310	231,543,448	237,256,937
4,984,676	5,339,591	7,966,529	7,086,151	6,390,178	7,058,198
12,282,402	12,231,819	16,722,589	20,050,130	29,973,309	33,220,161
11,876	871,227	-	2,426,403	5,804,766	22,176,156
<u>2,465,412</u>	<u>3,609,728</u>	<u>3,832,719</u>	<u>4,048,008</u>	<u>10,406,252</u>	<u>12,693,720</u>
19,744,366	22,052,365	28,521,837	33,610,692	52,574,505	75,148,235
51,259,510	65,186,707	77,212,663	97,726,518	100,125,829	104,238,973
<u>\$ 262,687,697</u>	<u>\$ 283,784,407</u>	<u>\$ 309,243,084</u>	<u>\$ 344,147,520</u>	<u>\$ 384,243,782</u>	<u>\$ 416,644,145</u>

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
<b>Expenses</b>						
Governmental Activities:						
General Government	\$ 11,534,649	\$ 12,398,443	\$ 10,948,663	\$ 11,148,210	\$ 13,160,153	\$ 13,153,262
Public Safety	21,305,592	20,927,444	20,363,836	21,750,059	23,578,262	23,214,380
Highways and Public Improvements	7,485,469	7,583,113	7,360,050	7,426,758	7,085,621	7,012,058
Parks, Recreation and Arts	8,961,377	8,415,399	8,448,553	8,704,800	9,471,883	10,561,367
Economic and Physical Development	778,954	815,708	513,855	867,172	960,630	1,504,742
Redevelopment	1,217,886	1,305,271	1,320,100	187,497	1,286,498	756,175
Interest on Long-term Debt	6,151,718	6,585,839	3,990,714	3,624,749	3,596,868	3,505,369
<b>Total Governmental Activities Expenses</b>	<b>57,435,645</b>	<b>58,031,217</b>	<b>52,945,771</b>	<b>53,709,245</b>	<b>59,129,915</b>	<b>59,707,353</b>
Business-type Activities:						
Water	10,405,264	10,765,320	10,460,803	10,335,616	11,021,079	12,570,988
Water Reclamation	6,164,406	6,597,101	6,268,692	6,716,546	6,723,394	7,117,138
Storm Water	2,338,213	2,401,066	2,444,269	2,460,540	2,371,647	2,567,634
Recreation	1,758,026	1,716,490	1,949,301	2,023,758	1,962,995	1,993,090
Solid Waste	2,999,632	3,207,627	3,139,688	3,174,442	3,283,310	3,617,304
Street Lighting	1,260,509	1,283,895	1,297,064	1,396,770	1,174,100	981,777
<b>Total Business-type Activities Expenses</b>	<b>24,926,050</b>	<b>25,971,499</b>	<b>25,559,717</b>	<b>26,107,672</b>	<b>26,536,525</b>	<b>28,847,931</b>
<b>Total Primary Government Expenses</b>	<b>82,361,695</b>	<b>84,002,716</b>	<b>78,505,488</b>	<b>79,816,917</b>	<b>85,666,440</b>	<b>88,555,284</b>
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services:						
General Government	9,624,404	10,180,619	11,868,366	10,018,102	9,718,116	10,147,593
Public Safety	4,306,443	4,276,822	5,229,158	5,904,235	5,768,195	6,006,638
Parks, Recreation and Arts	820,453	856,832	751,427	936,415	2,008,377	1,495,408
All Others	163,099	76,768	118,984	117,234	186,321	332,034
Operating Grants and Contributions	1,273,162	1,271,755	1,332,898	1,333,496	1,195,663	1,537,093
Capital Grants and Contributions	2,613,082	2,413,909	4,017,121	2,789,074	3,171,938	3,876,983
<b>Total Governmental Activities Program Revenues</b>	<b>18,800,643</b>	<b>19,076,705</b>	<b>23,317,954</b>	<b>21,098,656</b>	<b>22,048,610</b>	<b>23,395,749</b>
Business-type Activities:						
Charges for Services:						
Water	11,021,745	13,201,526	13,425,701	13,336,792	15,547,544	18,355,800
Water Reclamation	7,146,508	7,520,706	8,007,161	7,281,870	8,619,099	9,678,758
Storm Water	3,091,807	3,103,768	3,170,615	3,451,551	4,001,972	4,350,123
Recreation	1,650,645	1,369,357	1,546,991	1,583,477	1,617,273	1,669,921
Solid Waste	3,237,559	3,369,722	3,400,359	3,515,859	3,571,929	3,692,573
Street Lighting	897,672	1,011,739	985,291	988,481	995,480	1,023,366
Capital Grants and Contributions	394,507	723,964	591,886	510,138	1,383,925	3,973,808
<b>Total Business-type Activities Program Revenues</b>	<b>27,440,443</b>	<b>30,300,782</b>	<b>31,128,004</b>	<b>30,668,168</b>	<b>35,737,222</b>	<b>42,744,349</b>
<b>Total Primary Government Program Revenues</b>	<b>46,241,086</b>	<b>49,377,487</b>	<b>54,445,958</b>	<b>51,766,824</b>	<b>57,785,832</b>	<b>66,140,098</b>
<b>Net (Expense) Revenue</b>						
Governmental Activities	(38,635,002)	(38,954,512)	(29,627,817)	(32,610,689)	(37,081,305)	(36,311,604)
Business-type Activities	2,514,393	4,329,283	5,568,287	4,560,496	9,200,697	13,896,418
<b>Total Primary Government Net (Expense) Revenue</b>	<b>\$ (36,120,609)</b>	<b>\$ (34,625,229)</b>	<b>\$ (24,059,530)</b>	<b>\$ (28,050,193)</b>	<b>\$ (27,880,608)</b>	<b>\$ (22,415,186)</b>
<b>General Revenues and Other Changes in Net Position</b>						
Governmental Activities:						
Taxes:						
Sales Taxes	18,944,647	19,818,967	20,727,557	21,405,733	22,750,706	24,361,704
Property Taxes	11,517,710	11,065,522	9,839,669	9,229,764	9,141,823	8,669,177
Franchise Taxes	7,816,921	7,956,780	7,698,687	7,853,723	7,894,110	7,961,936
Vehicle and Other Taxes	1,585,215	1,402,481	828,941	1,022,038	881,179	1,031,833
Unrestricted Investment Earnings & FMV Changes	274,462	421,721	402,246	688,384	603,500	778,978
Gain on Sale of Capital Assets	43,371	54,728	2,539,390	19,127	103,983	39,699
Transfers	(399,606)	500,649	532,903	403,187	202,230	715,990
<b>Total Governmental Activities</b>	<b>39,782,720</b>	<b>41,220,848</b>	<b>42,569,393</b>	<b>40,621,956</b>	<b>41,577,531</b>	<b>43,559,317</b>
Business-type Activities:						
Unrestricted Investment Earnings & FMV Changes	90,651	98,093	122,371	175,933	285,761	588,795
Gain (Loss) on Sale of Capital Assets	2,435	10,733	85,244	67,279	117,352	79,774
Transfers	399,606	(500,649)	(532,903)	(403,187)	(202,230)	(715,990)
<b>Total Business-type Activities</b>	<b>492,692</b>	<b>(391,823)</b>	<b>(325,288)</b>	<b>(159,975)</b>	<b>200,883</b>	<b>(47,421)</b>
<b>Total Primary Government</b>	<b>40,275,412</b>	<b>40,829,025</b>	<b>42,244,105</b>	<b>40,461,981</b>	<b>41,778,414</b>	<b>43,511,896</b>
<b>Change in Net Position</b>						
Governmental Activities	1,147,718	2,266,336	12,941,576	8,011,267	4,496,226	7,247,713
Business-type Activities	3,007,085	3,937,460	5,242,999	4,400,521	9,401,580	13,848,997
<b>Total Primary Government</b>	<b>\$ 4,154,803</b>	<b>\$ 6,203,796</b>	<b>\$ 18,184,575</b>	<b>\$ 12,411,788</b>	<b>\$ 13,897,806</b>	<b>\$ 21,096,710</b>

Fiscal Year				
	2019	2020	2021	2022
\$	15,017,456	\$ 15,221,971	\$ 16,072,497	\$ 15,691,209
	25,463,111	26,294,148	26,234,854	27,353,214
	7,688,525	7,573,688	7,296,421	8,187,834
	9,613,483	8,734,158	4,444,646	8,910,111
	887,655	709,334	1,068,973	1,204,626
	1,004,364	1,258,821	1,151,383	1,334,386
	4,122,763	4,732,568	4,571,442	4,589,160
	<u>63,797,357</u>	<u>64,524,688</u>	<u>60,840,216</u>	<u>67,270,540</u>
	13,361,446	13,039,211	14,956,163	15,541,478
	7,517,084	7,540,672	7,918,906	8,309,770
	2,837,289	3,119,773	3,016,483	3,261,027
	2,041,021	1,258,441	2,311,074	2,725,743
	3,764,859	4,277,997	4,227,392	4,241,603
	474,442	481,587	469,325	522,488
	<u>29,996,141</u>	<u>29,717,681</u>	<u>32,899,343</u>	<u>34,602,109</u>
	<u>93,793,498</u>	<u>94,242,369</u>	<u>93,739,559</u>	<u>101,872,649</u>
	11,286,060	10,198,818	10,747,410	11,824,143
	6,405,407	7,804,339	7,568,475	8,211,979
	1,506,624	240,568	2,318,692	1,877,951
	350,681	1,467,081	397,409	348,703
	1,392,846	6,228,568	3,753,790	1,930,767
	5,246,807	4,513,950	6,270,294	5,725,996
	<u>26,188,425</u>	<u>30,453,324</u>	<u>31,056,070</u>	<u>29,919,539</u>
	18,934,096	20,821,417	20,341,587	17,818,803
	11,519,137	13,070,784	12,591,825	12,986,274
	4,775,819	5,050,924	5,300,968	5,515,349
	1,609,329	746,080	1,159,731	3,142,844
	3,845,141	4,098,072	4,370,759	4,624,294
	1,214,710	914,292	1,055,657	1,069,000
	4,196,701	3,179,941	3,754,528	2,212,406
	<u>46,094,933</u>	<u>47,881,510</u>	<u>48,575,055</u>	<u>47,368,970</u>
	<u>72,283,358</u>	<u>78,334,834</u>	<u>79,631,125</u>	<u>77,288,509</u>
	(37,608,932)	(34,071,364)	(29,784,146)	(37,351,001)
	<u>16,098,792</u>	<u>18,163,829</u>	<u>15,675,712</u>	<u>12,766,861</u>
\$	<u>(21,510,140)</u>	<u>\$ (15,907,535)</u>	<u>\$ (14,108,434)</u>	<u>\$ (24,584,140)</u>
	24,944,421	28,151,590	33,250,164	37,803,119
	9,701,393	10,432,989	10,598,204	10,258,353
	7,887,332	7,865,944	7,923,070	8,088,605
	886,489	965,636	846,548	961,419
	2,289,679	2,060,562	432,708	(929,890)
	163,730	323,466	594,136	253,679
	637,275	326,463	1,499,800	1,804,802
	<u>46,510,319</u>	<u>50,126,650</u>	<u>55,144,630</u>	<u>58,240,087</u>
	1,088,658	1,037,245	527,587	134,781
	7,115	(25,461)	32,279	414,437
	(637,275)	(326,463)	(1,499,800)	(1,804,802)
	458,498	685,321	(939,934)	(1,255,584)
	<u>46,968,817</u>	<u>50,811,971</u>	<u>54,204,696</u>	<u>56,984,503</u>
	8,901,387	16,055,286	25,360,484	20,889,086
	16,557,290	18,849,150	14,735,778	11,511,277
\$	<u>25,458,677</u>	<u>\$ 34,904,436</u>	<u>\$ 40,096,262</u>	<u>\$ 32,400,363</u>

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

	<b>Fiscal Year</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Fund</b>				
Nonspendable	\$ 183,807	\$ 146,343	\$ 70,707	\$ 57,122
Restricted	5,721,516	5,554,462	6,057,938	6,484,410
Committed	75,000	75,000	-	-
Assigned	1,500,374	1,893,107	3,125,711	3,562,553
Unassigned	6,092,838	10,073,358	12,747,875	11,474,137
<b>Total General Fund</b>	<b>13,573,535</b>	<b>17,742,270</b>	<b>22,002,231</b>	<b>21,578,222</b>
<b>All Other Governmental Funds</b>				
Nonspendable	2,473,532	-	-	-
Restricted	15,120,346	13,522,006	14,340,319	13,653,867
Committed	-	-	-	5,380,123
Assigned	3,518,562	2,380,417	6,546,914	11,071,273
<b>Total All Other Governmental Funds</b>	<b>21,112,440</b>	<b>15,902,423</b>	<b>20,887,233</b>	<b>30,105,263</b>
<b>Total Governmental Funds</b>				
Nonspendable	2,657,339	146,343	70,707	57,122
Restricted	20,841,862	19,076,468	20,398,257	20,138,277
Committed	75,000	75,000	-	5,380,123
Assigned	5,018,936	4,273,524	9,672,625	14,633,826
Unassigned	6,092,838	10,073,358	12,747,875	11,474,137
<b>Total Governmental Funds</b>	<b>\$ 34,685,975</b>	<b>\$ 33,644,693</b>	<b>\$ 42,889,464</b>	<b>\$ 51,683,485</b>



Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 51,517	\$ 42,132	\$ 36,328	\$ 49,995	\$ 413,604	\$ 47,512
7,292,911	8,333,431	8,673,237	8,722,475	10,183,252	12,133,985
-	-	-	-	-	-
2,844,275	3,559,271	4,836,744	10,203,415	11,110,974	10,888,833
<u>12,829,323</u>	<u>13,449,103</u>	<u>13,948,108</u>	<u>12,376,113</u>	<u>18,424,509</u>	<u>22,036,611</u>
<u>23,018,026</u>	<u>25,383,937</u>	<u>27,494,417</u>	<u>31,351,998</u>	<u>40,132,339</u>	<u>45,106,941</u>
1,000	-	-	-	-	-
10,416,729	10,615,357	42,158,789	30,145,964	14,860,840	17,897,547
-	-	-	-	-	-
<u>12,327,020</u>	<u>13,678,638</u>	<u>17,592,552</u>	<u>19,204,402</u>	<u>21,354,261</u>	<u>26,491,996</u>
<u>22,744,749</u>	<u>24,293,995</u>	<u>59,751,341</u>	<u>49,350,366</u>	<u>36,215,101</u>	<u>44,389,543</u>
52,517	42,132	36,328	49,995	413,604	47,512
17,709,640	18,948,788	50,832,026	38,868,439	25,044,092	30,031,532
-	-	-	-	-	-
15,171,295	17,237,909	22,429,296	29,407,817	32,465,235	37,380,829
<u>12,829,323</u>	<u>13,449,103</u>	<u>13,948,108</u>	<u>12,376,113</u>	<u>18,424,509</u>	<u>22,036,611</u>
<u>\$ 45,762,775</u>	<u>\$ 49,677,932</u>	<u>\$ 87,245,758</u>	<u>\$ 80,702,364</u>	<u>\$ 76,347,440</u>	<u>\$ 89,496,484</u>

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

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Revenues</b>					
Taxes and Special Assessments	\$ 40,595,860	\$ 40,004,715	\$ 43,549,348	\$ 39,473,431	\$ 40,804,822
Licenses and Permits	1,147,855	1,437,173	2,524,794	1,745,483	1,815,943
Intergovernmental	3,886,244	3,685,664	5,350,019	4,122,570	4,367,601
Charges for Services	6,026,996	6,387,452	7,624,838	7,671,801	7,944,803
Fines and Forfeitures	1,358,345	1,587,870	1,792,829	1,588,994	1,699,609
Charges for Services - Other Funds	4,447,898	4,498,406	4,042,299	3,666,672	3,739,141
Impact Fees	-	-	-	-	-
Investment Earnings	274,439	420,619	397,648	450,902	649,422
Miscellaneous Revenue	1,889,659	1,557,414	1,587,285	1,670,552	2,254,504
<b>Total Revenues</b>	<b>59,627,296</b>	<b>59,579,313</b>	<b>66,869,060</b>	<b>60,390,405</b>	<b>63,275,845</b>
<b>Expenditures</b>					
General Government	11,093,324	11,609,569	11,539,358	12,143,760	12,810,872
Public Safety	20,332,951	19,951,315	19,847,226	21,144,586	21,752,711
Highways and Public Improvements	2,974,008	2,934,326	2,828,824	2,922,708	3,029,415
Parks, Recreation and Arts	7,558,171	7,016,106	7,485,247	7,512,284	7,593,094
Economic and Physical Development	707,403	707,759	886,236	788,526	862,478
Redevelopment	1,128,457	1,215,842	1,231,600	99,182	1,195,421
Debt Service:					
Principal Retirement	3,130,714	3,814,621	5,486,955	4,369,370	3,515,873
Interest and Fiscal Charges	6,233,296	6,706,815	4,201,272	3,802,678	3,554,590
Lease Payments - Principal	98,213	108,318	108,376	114,173	109,494
Lease Payments - Interest	12,099	10,218	9,177	7,037	4,540
Capital Outlay	1,963,153	7,180,569	7,573,606	6,044,338	15,109,224
<b>Total Expenditures</b>	<b>55,231,789</b>	<b>61,255,458</b>	<b>61,197,877</b>	<b>58,948,642</b>	<b>69,537,712</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>4,395,507</b>	<b>(1,676,145)</b>	<b>5,671,183</b>	<b>1,441,763</b>	<b>(6,261,867)</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of Bonds & Other Debt	-	-	10,174,331	-	2,898,000
Investments - FMV Change	-	-	-	240,135	(46,686)
Payment to Bond Refunding Agent	-	-	(9,792,760)	-	(2,861,199)
Proceeds from Asset Disposals	48,275	107,760	42,869	19,127	103,983
Proceeds from Lease Relinquishments	-	-	2,500,000	-	-
Leases	-	26,454	64,113	6,739,000	-
Transfers In	7,199,980	7,452,857	11,483,900	12,998,035	11,857,495
Transfers Out	(7,788,821)	(6,952,208)	(10,898,865)	(12,644,039)	(11,610,436)
<b>Total Other Financing Sources (Uses)</b>	<b>(540,566)</b>	<b>634,863</b>	<b>3,573,588</b>	<b>7,352,258</b>	<b>341,157</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,854,941</b>	<b>\$ (1,041,282)</b>	<b>\$ 9,244,771</b>	<b>\$ 8,794,021</b>	<b>\$ (5,920,710)</b>
<b>Debt Service as a percentage of Noncapital Expenditures</b>	<b>17.4%</b>	<b>19.2%</b>	<b>17.7%</b>	<b>15.3%</b>	<b>12.8%</b>

Fiscal Year				
2018	2019	2020	2021	2022
\$ 41,982,483	\$ 43,735,686	\$ 47,401,515	\$ 52,702,373	\$ 57,116,443
1,813,030	2,564,527	1,661,515	2,047,433	2,293,007
5,326,785	4,827,536	9,989,011	9,006,531	6,026,663
8,049,206	8,912,692	8,702,243	9,727,927	10,359,796
1,839,251	1,736,445	1,386,474	1,219,631	1,386,493
4,283,205	4,813,925	5,039,118	4,761,991	5,200,482
87,291	1,812,117	753,507	1,017,553	1,630,100
963,012	1,875,112	1,947,110	493,006	551,304
1,887,641	1,362,254	1,816,174	2,692,884	2,312,314
66,231,904	71,640,294	78,696,667	83,669,329	86,876,602
13,245,295	14,378,024	14,730,287	15,264,157	15,579,725
22,539,915	23,577,274	24,553,748	25,742,327	28,681,857
3,053,824	3,195,426	3,226,153	3,214,068	3,220,509
7,465,177	7,889,131	7,940,137	8,155,277	8,864,969
1,056,219	792,306	601,842	837,027	1,070,331
761,151	911,069	913,706	1,051,628	1,229,620
3,095,833	1,820,799	1,527,961	1,432,255	1,358,000
3,473,151	3,694,732	4,935,277	4,639,423	4,666,394
546,506	426,000	435,000	444,000	455,000
311,092	126,221	117,353	108,284	99,043
7,426,441	6,743,546	27,476,266	29,124,011	9,275,938
62,974,604	63,554,528	86,457,730	90,012,457	74,501,386
3,257,300	8,085,766	(7,761,063)	(6,343,128)	12,375,216
-	28,209,763	-	-	-
(186,953)	411,523	114,352	(62,113)	(1,480,830)
-	-	-	-	-
77,614	155,055	704,035	594,136	372,664
-	-	-	-	-
-	-	-	-	-
13,220,391	14,702,520	12,071,658	14,840,756	12,610,080
(12,453,195)	(13,996,801)	(11,672,376)	(13,384,575)	(10,728,086)
657,857	29,482,060	1,217,669	1,988,204	773,828
\$ 3,915,157	\$ 37,567,826	\$ (6,543,394)	\$ (4,354,924)	\$ 13,149,044

12.8%      10.0%      11.6%      11.3%      9.8%

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

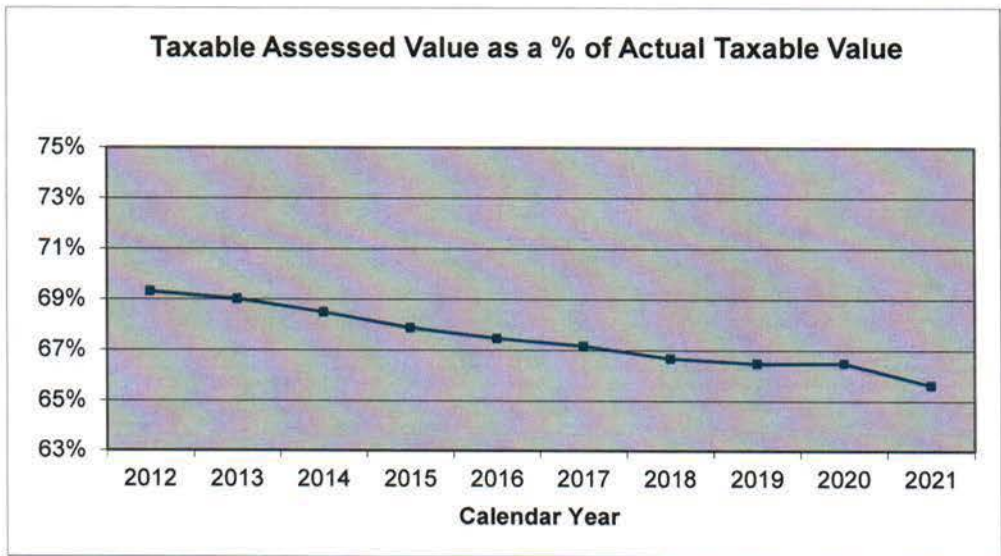
Calendar Year <sup>1</sup>	Taxable Assessed Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
2012	\$ 2,284,573,816	\$ 4,073,304	\$ 1,451,256,784	\$ 544,039	\$ 136,586,644
2013	2,372,218,303	4,459,944	1,455,891,528	528,035	127,808,953
2014	2,625,764,385	7,388,684	1,540,311,362	486,609	147,878,177
2015	2,843,531,994	8,234,684	1,591,591,049	496,907	145,565,291
2016	3,107,389,501	11,331,034	1,666,181,801	936,304	160,189,356
2017	3,410,863,935	12,024,179	1,792,344,368	837,724	156,979,408
2018	3,775,842,951	12,752,600	1,888,362,910	931,418	164,540,170
2019	4,166,790,367	15,841,000	2,053,671,086	904,733	173,954,008
2020	4,477,283,315	26,847,485	2,218,165,060	1,371,812	188,660,779
2021	5,000,615,640	33,146,100	2,233,056,298	1,365,085	192,148,239

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.

<sup>1</sup> 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
\$ 310,397,550	\$ 43,171,491	\$ 4,230,603,628	0.001921	\$ 6,103,133,090	69.32%
328,234,567	44,814,165	4,333,955,495	0.001871	6,278,510,424	69.03%
322,456,519	43,654,474	4,687,940,210	0.001716	6,842,338,176	68.51%
299,822,251	45,221,895	4,934,464,071	0.001652	7,267,727,717	67.90%
302,375,000	46,114,051	5,294,517,047	0.001550	7,846,197,485	67.48%
316,299,118	44,919,303	5,734,268,035	0.001346	8,534,812,856	67.19%
319,419,105	44,102,879	6,205,952,033	0.001281	9,305,712,029	66.69%
339,452,728	43,518,173	6,794,132,095	0.001260	10,216,285,032	66.50%
363,773,499	41,018,229	7,317,120,179	0.001166	11,002,318,106	66.51%
367,699,460	41,677,494	7,869,708,316	0.001094	11,988,240,649	65.65%



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

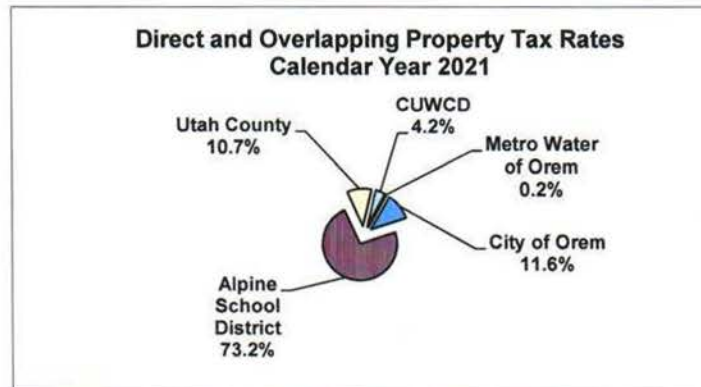
Calendar Year <sup>2</sup>	City of Orem Direct Rates			Overlapping Rates <sup>1</sup>				Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem	
2012	0.001355	0.000566	0.001921	0.008828	0.001324	0.000455	0.000040	0.012568
2013	0.001324	0.000547	0.001871	0.008699	0.001259	0.000446	0.000039	0.012314
2014	0.001217	0.000499	0.001716	0.008096	0.001149	0.000422	0.000036	0.011419
2015	0.001188	0.000464	0.001652	0.008177	0.001098	0.000405	0.000035	0.011367
2016	0.001123	0.000427	0.001550	0.007718	0.001049	0.000400	0.000033	0.010750
2017	0.001050	0.000296	0.001346	0.007167	0.000969	0.000400	0.000031	0.009913
2018	0.001001	0.000280	0.001281	0.007033	0.000911	0.000400	0.000030	0.009655
2019	0.000983	0.000277	0.001260	0.006699	0.000839	0.000400	0.000027	0.009225
2020	0.000925	0.000241	0.001166	0.006800	0.001202	0.000400	0.000025	0.009593
2021	0.000850	0.000244	0.001094	0.006904	0.001007	0.000400	0.000023	0.009428

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.

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

<sup>2</sup> 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)**

<b>Taxpayer</b>	<b>Calendar Year 2021</b>			<b>Calendar Year 2012</b>		
	<b>Taxable Assessed Value<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
University Place	\$ 247,088,400	1	3.14%	\$ 114,769,075	1	2.71%
Woodtusk LLC	87,656,300	2	1.11%	----		----
Pacificorp	77,463,600	3	0.98%	48,425,636	3	1.14%
TCU Properties	76,748,900	4	0.98%	56,757,000	2	----
Midtown360 LLC	62,936,800	5	0.80%	----		----
Dominion Energy (Questar Gas)	50,459,700	6	0.64%	19,987,882	5	0.47%
Timpanogos Regional Hospital	48,186,500	7	0.61%	42,824,700	4	1.01%
Parkway Lofts LLC	46,200,000	8	0.59%	----		----
Pinnacle Apartments	39,625,000	9	0.50%	12,738,825	12	----
Wolverine Crossing LLC	32,773,300	11	0.42%	17,791,600	8	0.42%
University Crossing Shopping Ctr	29,615,600	10	0.38%	17,876,300	6	----
Carillon Square LLC	28,208,200	12	0.36%	----		----
Boyer Lake Point Shopping Ctr	----		----	17,819,200	7	0.42%
Retail Trust III (Walmart)	----		----	15,672,200	9	0.37%
Dickson Properties LLC	----		----	15,458,900	10	0.37%
CenturyLink (Qwest Corp.)	----		----	14,691,739	11	0.35%
<b>Total</b>	<b>\$ 826,962,300</b>		<b>10.51%</b>	<b>\$ 394,813,057</b>		<b>9.33%</b>

<sup>1</sup> 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 <sup>1</sup>	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections by Tax Levy Year	Total Tax Collections
2012	\$ 7,370,522	\$ 6,788,600	92.10%	\$ 480,274	\$ 7,268,874
2013	7,374,914	6,815,131	92.41%	439,124	7,254,255
2014	7,387,198	6,793,773	91.97%	493,765	7,287,538
2015	7,529,322	6,935,505	92.11%	513,438	7,448,943
2016	7,586,065	7,059,043	93.05%	484,862	7,543,905
2017	7,204,690	6,754,817	93.76%	418,828	7,173,645
2018	7,252,003	6,740,722	92.95%	399,630	7,140,352
2019	7,480,867	6,825,355	91.24%	550,546	7,375,901
2020	7,297,759	6,667,581	91.36%	479,600	7,147,181
2021	8,448,992	7,789,321	92.19%	542,612	8,331,933

<sup>1</sup> 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>
98.62%	\$ 101,648	1.38%
98.36%	120,659	1.64%
98.65%	99,660	1.35%
98.93%	80,379	1.07%
99.44%	42,160	0.56%
99.57%	31,045	0.43%
98.46%	111,651	1.54%
98.60%	104,966	1.40%
97.94%	150,578	2.06%
98.61%	117,059	1.39%

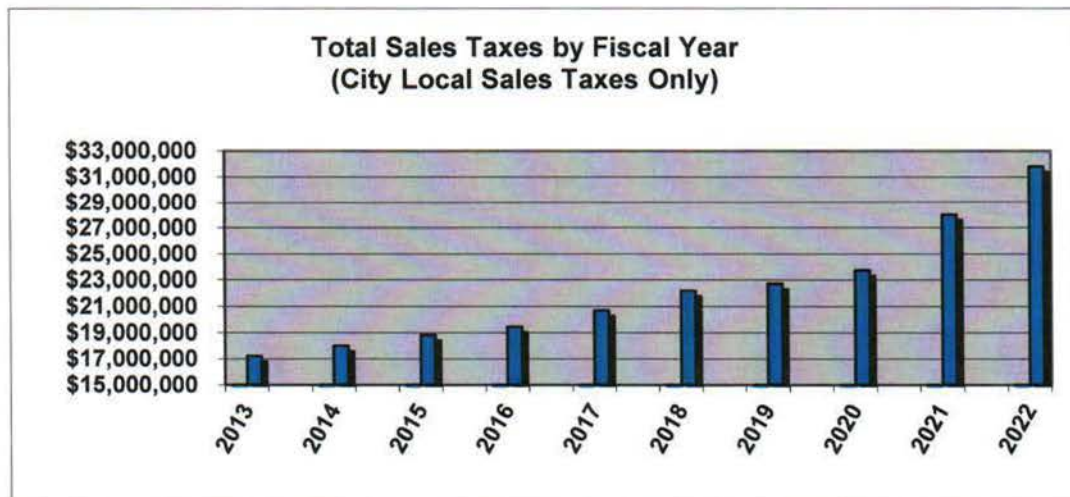
**City of Orem**  
**Sales Taxes by Category**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year			
	2013	2014	2015	2016
General Merchandise and Groceries	\$ 5,030,506	\$ 5,140,689	\$ 5,277,987	\$ 5,333,279
Building Materials, Hardware, and Tools	1,576,835	1,661,997	1,801,399	1,952,417
Auto Dealers, Supplies, and Accessories	2,769,371	2,874,555	2,899,382	2,979,991
Home Furnishings, Appliances, & Electronics	1,614,843	1,685,399	1,786,258	1,822,364
Eating and Drinking Establishments	1,104,646	1,168,448	1,245,543	1,314,508
Clothing, Apparel, and Accessories	1,397,682	1,464,384	1,528,112	1,573,936
Professional Equipment and Supplies	1,207,903	1,378,551	1,429,657	1,526,283
Arts, Crafts, and Specialty Items	291,241	322,670	359,128	382,199
Amusement and Recreation	551,462	578,775	650,710	656,716
All Other Categories	1,688,683	1,732,104	1,852,879	1,921,222
Subtotal - City Local Sales Tax	17,233,172	18,007,572	18,831,055	19,462,915
Cultural Arts & Recreation Enhancement (CARE)	1,711,475	1,811,395	1,888,230	1,934,153
Transportation Infrastructure	-	-	-	-
Mass Transit - Additional	-	-	8,272	8,665
<b>Total City Sales Taxes</b>	<b>\$ 18,944,647</b>	<b>\$ 19,818,967</b>	<b>\$ 20,727,557</b>	<b>\$ 21,405,733</b>
Total City Sales Tax Rate <sup>1</sup>	1.10%	1.10%	1.10%	1.10%
% Increase (Decrease) from prior year, All	4.63%	4.62%	4.58%	3.27%
% Increase (Decrease) from prior year, City Local Sales Tax Only	4.74%	4.49%	4.57%	3.36%

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

<sup>1</sup> See sales tax rate breakdown on page 170 for additional information regarding this rate.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 5,637,951	\$ 5,934,245	\$ 6,105,107	\$ 6,578,582	\$ 7,702,422	\$ 8,537,418
2,299,711	2,585,913	3,028,016	3,479,383	4,340,120	5,847,938
3,151,370	3,410,522	3,694,537	3,802,737	4,575,230	5,065,673
1,964,207	2,101,318	2,082,860	1,807,145	2,189,728	2,320,240
1,499,483	1,749,330	1,809,424	1,664,412	1,859,596	2,164,765
1,552,018	1,582,714	1,299,340	1,129,901	1,260,997	1,322,187
1,554,830	1,596,802	1,602,008	1,893,016	2,198,583	2,440,416
377,497	387,574	358,450	367,346	476,918	563,281
674,845	683,181	726,998	743,740	870,486	967,075
2,002,205	2,166,357	2,027,097	2,270,648	2,529,869	2,559,786
20,714,117	22,197,956	22,733,837	23,736,910	28,003,949	31,788,779
2,028,528	2,163,259	2,208,004	2,284,064	2,741,633	3,152,288
-	-	-	2,129,802	2,503,967	2,861,927
8,062	489	2,580	814	617	124
<b>\$ 22,750,707</b>	<b>\$ 24,361,704</b>	<b>\$ 24,944,421</b>	<b>\$ 28,151,590</b>	<b>\$ 33,250,166</b>	<b>\$ 37,803,118</b>
1.10%	1.10%	1.20%	1.20%	1.20%	1.20%
6.28%	7.08%	2.39%	12.86%	18.11%	13.69%
6.43%	7.16%	2.41%	4.41%	17.98%	13.52%



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

	Fiscal Year 2022			
	Number of Filers	Percentage of Total	Local Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	1,915	19.86%	\$ 8,537,418	26.86%
Building Materials, Hardware, and Tools	542	5.62%	\$ 5,847,938	18.40%
Auto Dealers, Supplies, and Accessories	561	5.82%	\$ 5,065,673	15.94%
Home Furnishings, Appliances, & Electronics	367	3.81%	\$ 2,320,240	7.30%
Eating and Drinking Establishments	342	3.55%	\$ 2,164,765	6.81%
Clothing, Apparel, and Accessories	531	5.51%	\$ 1,322,187	4.16%
Professional Equipment and Supplies	1,748	18.13%	\$ 2,440,416	7.68%
Arts, Crafts, and Specialty Items	520	5.39%	\$ 563,281	1.77%
Amusement and Recreation	530	5.50%	\$ 967,075	3.04%
All Other Categories	2,586	26.82%	\$ 2,559,786	8.05%
<b>Total</b>	<b>9,642</b>	<b>100.00%</b>	<b>\$ 31,788,779</b>	<b>100.00%</b>

	Fiscal Year 2013			
	Number of Filers	Percentage of Total	Local Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	516	10.85%	\$ 5,030,506	29.19%
Building Materials, Hardware, and Tools	277	5.83%	\$ 1,576,835	9.15%
Auto Dealers, Supplies, and Accessories	295	6.20%	\$ 2,769,371	16.07%
Home Furnishings, Appliances, & Electronics	235	4.94%	\$ 1,614,843	9.37%
Eating and Drinking Establishments	199	4.19%	\$ 1,104,646	6.41%
Clothing, Apparel, and Accessories	197	4.14%	\$ 1,397,682	8.11%
Professional Equipment and Supplies	843	17.73%	\$ 1,207,903	7.01%
Arts, Crafts, and Specialty Items	247	5.19%	\$ 291,241	1.69%
Amusement and Recreation	168	3.53%	\$ 551,462	3.20%
All Other Categories	1,778	37.39%	\$ 1,688,683	9.80%
<b>Total</b>	<b>4,755</b>	<b>100.00%</b>	<b>\$ 17,233,172</b>	<b>100.00%</b>

**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 2022			Fiscal Year 2013		
	Local Sales Taxes <sup>1</sup>	Rank	Percentage of Total Local Sales Taxes <sup>1</sup>	Local Sales Taxes <sup>1</sup>	Rank	Percentage of Total Local Sales Taxes <sup>1</sup>
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
Brent Brown Toyota	N/A	3	N/A	N/A	4	N/A
Amazon.com Services LLC	N/A	4	N/A	----		----
Target	N/A	5	N/A	N/A	3	N/A
Mountainland Supply Company	N/A	6	N/A	----		----
Builders First Source	N/A	7	N/A	----		----
RC Willey Home Furnishings	N/A	8	N/A	N/A	7	N/A
Winco Foods	N/A	9	N/A	N/A	9	N/A
Ken Garff Honda of Orem	N/A	10	N/A	N/A	10	N/A
Pacificorp (Utah Power & Light)	N/A	11	N/A	N/A	5	N/A
USTC - Motor Vehicles	N/A	12	N/A	----		----
U.S. Synthetic Corporation	----		----	N/A	6	N/A
Ken Garff Nissan of Orem	----		----	N/A	8	N/A
Doterra	----		----	N/A	11	N/A
Ken Garff Motors	----		----	N/A	12	N/A
<b>Total</b>	<b>\$ 8,452,648</b>		<b>30.18%</b>	<b>\$ 6,314,376</b>		<b>33.12%</b>

Source: Utah State Tax Commission.

<sup>1</sup> Due to confidentiality issues, the amounts and percentages of the twelve 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)

City Direct Sales Tax Rates				
Fiscal Year	City	City	City	Total
	Direct Rate	Cultural Arts & Rec Rate <sup>1</sup>	Transportation Infrastructure Rate <sup>2</sup>	City Direct Rate
2013	1.00%	0.10%	0.00%	1.10%
2014	1.00	0.10	0.00	1.10
2015	1.00	0.10	0.00	1.10
2016	1.00	0.10	0.00	1.10
2017	1.00	0.10	0.00	1.10
2018	1.00	0.10	0.00	1.10
2019	1.00	0.10	0.10	1.20
2020	1.00	0.10	0.10	1.20
2021	1.00	0.10	0.10	1.20
2022	1.00	0.10	0.10	1.20

Overlapping Sales Tax Rates							
Fiscal Year	County	County	County	County	State	State	Total
	Direct Rate	Transportation Infrastructure Rate <sup>2</sup>	Mass Transit Rate	Airport, Highway, & Public Transit Rate	Direct Rate <sup>3</sup>	Mass Transit Rate	Sales Tax Rate <sup>4</sup>
2013	0.25%	0.00%	0.30%	0.25%	4.70%	0.25%	6.85%
2014	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2015	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2016	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2017	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2018	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2019	0.25	0.15	0.30	0.25	4.85	0.25	7.25
2020	0.25	0.15	0.30	0.25	4.85	0.25	7.25
2021	0.25	0.15	0.30	0.25	4.85	0.25	7.25
2022	0.25	0.15	0.30	0.25	4.85	0.25	7.25

Source: Utah State Tax Commission

<sup>1</sup> 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.

<sup>2</sup> This new sales tax rate was approved by Utah County. The new tax went into effect on April 1, 2019. The City directly receives a share of the new tax but did not begin to receive these funds until July 1, 2019, due to an agreement with Utah County. The additional tax is to be used to fund eligible transportation projects.

<sup>3</sup> The State of Utah direct sales tax rate was increased effective April 1, 2019.

<sup>4</sup> 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  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

Sales Tax Revenue Bonds						
Fiscal Year	Local Sales Taxes	Debt Service				Coverage
		Principal	Interest			
2013	\$ 17,233,172	\$ 746,000	\$ 268,182			16.99
2014	18,007,572	840,000	256,669			16.42
2015	18,831,055	853,000	243,444			17.17
2016	19,462,915	1,065,000	216,274			15.19
2017	20,714,117	1,125,000	106,824			16.82
2018	22,197,956	1,231,000	64,342			17.14
2019	22,733,837	459,000	32,340			46.27
2020	23,736,910	352,000	23,435			63.23
2021	28,003,949	360,000	16,606			74.36
2022	31,788,779	243,000	9,622			125.84

Water & Storm Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 12,864,859	\$ 9,256,350	\$ 3,608,509	\$ 917,000	\$ 940,512	1.94
2014	13,927,292	9,814,494	4,112,798	944,000	792,256	2.37
2015	14,141,179	9,588,439	4,552,740	1,228,000	619,984	2.46
2016	14,847,401	9,468,250	5,379,151	1,267,000	578,638	2.91
2017	17,169,942	10,000,616	7,169,326	1,326,000	412,011	4.13
2018	20,133,406	10,509,666	9,623,740	1,279,000	424,593	5.65
2019	21,342,117	11,212,585	10,129,532	1,380,000	396,703	5.70
2020	23,140,323	11,557,200	11,583,123	1,459,000	366,956	6.34
2021	23,961,320	12,574,770	11,386,550	1,463,000	336,417	6.33
2022	21,305,537	12,954,252	8,351,285	1,490,000	306,551	4.65

Water, Sewer & Storm Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2021	\$ 36,061,936	\$ 18,132,373	\$ 17,929,563	\$ -	\$ -	0.00
2022	33,842,229	18,958,034	14,884,195	594,000	887,627	10.05

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

<sup>1</sup> Operating expenses do not include depreciation, interest, or amortization expenses.

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

<b>Governmental Activities</b>							
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>G.O. Bonds Issuance Premiums</b>	<b>Special Assessment Bonds</b>	<b>Sales Tax Revenue Bonds</b>	<b>Franchise Tax Revenue Bonds</b>	<b>Revenue Bonds Issuance Premiums</b>	<b>Notes Payable</b>
2013	\$ 13,900,000	\$ 257,636	\$ 5,444,000	\$ 6,688,000	\$ 2,850,000	\$ 363,031	\$ 1,199,599
2014	12,550,000	227,170	4,446,000	5,848,000	2,300,000	297,740	1,122,977
2015	11,830,000	695,160	1,155,000	4,995,000	1,750,000	232,449	1,045,022
2016	10,200,000	611,762	165,000	3,930,000	1,150,000	167,158	960,652
2017	8,535,000	528,364	155,000	2,898,000	525,000	101,867	869,779
2018	7,310,000	452,969	140,000	1,667,000	-	52,426	769,946
2019	30,560,000	4,050,044	130,000	1,208,000	-	41,487	668,147
2020	29,620,000	3,851,333	-	856,000	-	30,547	562,186
2021	28,655,000	3,652,623	-	496,000	-	19,607	454,930
2022	27,655,000	3,453,913	-	253,000	-	8,667	339,930

<b>Business-type Activities</b>					
<b>Fiscal Year</b>	<b>Water Quality Revenue Bonds</b>	<b>Water &amp; Storm Sewer Revenue Bonds</b>	<b>Water, Sewer &amp; Storm Swr Revenue Bonds</b>	<b>Revenue Bonds Issuance Premiums</b>	<b>Total Business-type Activities</b>
2013	\$ 11,762,757	\$ 20,383,000	\$ -	\$ 518,391	\$ 32,664,148
2014	10,938,757	21,535,000	-	476,585	32,950,342
2015	10,107,000	20,307,000	-	434,776	30,848,776
2016	9,513,000	19,040,000	-	392,965	28,945,965
2017	8,919,000	17,019,000	-	1,014,797	26,952,797
2018	8,325,000	15,740,000	-	912,889	24,977,889
2019	7,731,000	14,360,000	-	810,978	22,901,978
2020	7,137,000	12,901,000	-	709,067	20,747,067
2021	-	11,438,000	35,863,000	6,954,912	54,255,912
2022	-	9,948,000	35,269,000	6,599,518	51,816,518

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



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**Governmental Activities**

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<b>Leases</b>	<b>Total Governmental Activities</b>
\$ 478,299	\$ 31,180,565
396,436	27,188,323
352,173	22,054,804
6,977,000	24,161,572
6,893,313	20,506,323
6,345,670	16,738,011
5,974,929	42,632,607
5,513,323	40,433,389
5,044,307	38,322,467
4,582,184	36,292,694

---

**Total Primary Government**

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<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Direct City Debt Per Capita</b>
\$ 63,844,713	3.67%	\$713
60,138,665	3.47	667
52,903,580	2.87	571
53,107,537	2.71	566
47,459,120	2.26	502
41,715,900	1.88	434
65,534,585	2.72	673
61,180,456	2.38	623
92,578,379	3.29	937
88,109,212	2.97	888

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

Fiscal Year	Population <sup>1</sup>	Taxable	Gross	Debt Service	Net	Ratio of Net	Net
		Assessed Value	Bonded Debt	Monies Available <sup>2</sup>	Bonded Debt	To Taxable Assessed Value	Bonded Debt Per Capita
2013	89,584	\$ 4,273,495,983	\$ 14,157,636	\$ 1,654,406	\$ 12,503,230	0.30%	\$140
2014	90,154	4,230,603,628	12,777,170	399,982	12,377,188	0.29	137
2015	92,601	4,333,955,495	12,525,160	1,557,040	10,968,120	0.23	118
2016	93,788	4,687,940,210	10,811,762	861,873	9,949,889	0.20	106
2017	94,499	4,934,464,071	9,063,364	1,098,713	7,964,651	0.15	84
2018	96,159	5,294,517,047	7,762,969	916,971	6,845,998	0.12	71
2019	97,328	5,734,268,035	34,610,044	3,789,092	30,820,952	0.49	317
2020	98,129	6,794,132,095	33,471,333	2,694,732	30,776,601	0.45	314
2021	98,812	7,317,120,179	32,307,623	1,915,512	30,392,111	0.42	308
2022	99,195	7,869,708,316	31,108,913	1,143,948	29,964,965	0.38	302

<sup>1</sup> Population estimates were based upon census data and building activity within the City.

<sup>2</sup> 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, 2022  
(Unaudited)

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to the Citizens of the City of Orem <sup>1</sup>	Amount Applicable to the Citizens of the City of Orem
<b>Direct Debt:</b>			
City of Orem	\$ 36,292,694	100.0000%	\$ 36,292,694
<b>Overlapping Debt:</b>			
Alpine School District	443,770,000	19.8360%	88,026,094
Utah County	-	14.3200%	-
Central Utah Water Conservancy District	161,310,372	3.0846%	4,975,790
Total Overlapping Debt	605,080,372		93,001,884
<b>Total Direct and Overlapping Debt</b>	<b>\$ 641,373,066</b>		<b>\$ 129,294,578</b>
<b>Total Direct and Overlapping Debt Per Capita</b>			<b>\$ 1,303</b>

**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.

<sup>1</sup> 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			
	2013	2014	2015	2016
<b><u>General Purposes (4%)</u></b>				
Debt Limit	\$ 244,125,324	\$ 251,140,417	\$ 273,693,527	\$ 290,709,109
Total Net Debt Applicable to Limit	(12,418,290)	(15,781,433)	(8,722,156)	(7,964,651)
Legal Debt Margin	<u>\$ 231,707,034</u>	<u>\$ 235,358,984</u>	<u>\$ 264,971,371</u>	<u>\$ 282,744,458</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	5.09%	6.28%	3.19%	2.74%
<b><u>Water, Sewer, &amp; Lighting (4%)</u></b>				
Debt Limit	\$ 244,125,324	\$ 251,140,417	\$ 273,693,527	\$ 290,709,109
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 244,125,324</u>	<u>\$ 251,140,417</u>	<u>\$ 273,693,527</u>	<u>\$ 290,709,109</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%
<b><u>Total (8%)</u></b>				
Debt Limit	\$ 488,250,648	\$ 502,280,834	\$ 547,387,054	\$ 581,418,218
Total Net Debt Applicable to Limit	(12,418,290)	(15,781,433)	(8,722,156)	(7,964,651)
Legal Debt Margin	<u>\$ 475,832,358</u>	<u>\$ 486,499,401</u>	<u>\$ 538,664,898</u>	<u>\$ 573,453,567</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	2.54%	3.14%	1.59%	1.37%

<sup>1</sup> 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.

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

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 313,847,899	\$ 341,392,514	\$ 372,228,481	\$ 408,651,401	\$ 440,092,724	\$ 479,529,626	
(7,964,651)	(6,845,998)	(30,859,318)	(30,776,601)	(30,392,111)	(29,964,965)	
<u>\$ 305,883,248</u>	<u>\$ 334,546,516</u>	<u>\$ 341,369,163</u>	<u>\$ 377,874,800</u>	<u>\$ 409,700,613</u>	<u>\$ -449,564,661</u>	
2.54%	2.01%	8.29%	7.53%	6.91%	6.25%	
\$ 313,847,899	\$ 341,392,514	\$ 372,228,481	\$ 408,651,401	\$ 440,092,724	\$ 479,529,626	
-	-	-	-	-	-	
<u>\$ 313,847,899</u>	<u>\$ 341,392,514</u>	<u>\$ 372,228,481</u>	<u>\$ 408,651,401</u>	<u>\$ 440,092,724</u>	<u>\$ 479,529,626</u>	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
\$ 627,695,798	\$ 682,785,028	\$ 744,456,962	\$ 817,302,802	\$ 880,185,448	\$ 959,059,252	
(7,964,651)	(6,845,998)	(30,859,318)	(30,776,601)	(30,392,111)	(29,964,965)	
<u>\$ 619,731,147</u>	<u>\$ 675,939,030</u>	<u>\$ 713,597,644</u>	<u>\$ 786,526,201</u>	<u>\$ 849,793,337</u>	<u>\$ 929,094,287</u>	
1.27%	1.00%	4.15%	3.77%	3.45%	3.12%	

#### Legal Debt Margin Calculation for Fiscal Year 2022

##### Assessed Valuations:

Taxable Value	<u>\$ 7,869,708,316</u>
Estimated Market Value	<u>\$ 11,988,240,649</u>

##### Legal Debt Margin:

Debt Limitation - 8% of Estimated Market Value <sup>1</sup>	\$ 959,059,252
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (31,108,913)
Less:	
Assets in Debt Service Funds Available for payment of Principal <sup>2</sup>	<u>1,143,948</u>
Total Debt Applicable to Limitation	<u>(29,964,965)</u>
<b>Legal Debt Margin</b>	<u><b>\$ 929,094,287</b></u>

**City of Orem**  
**Long-term Bonded Indebtedness Paid By Primary Government**  
**Schedule of Bonded Indebtedness**  
**June 30, 2022**  
**(Unaudited)**

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Term of Bonds</u>	<u>Annual Terms of Serial Bonds</u>
<b>Governmental Activities:</b>				
General Obligation Bonds:				
Series 2014 Road Bonds - Refunding	0.25% - 3.00%	11/05/14	2014-2024	Various
Series 2019 Bonds	3.625% - 5.00%	02/26/19	2019-2048	Various
Total General Obligation Bonds				
Revenue Bonds:				
Sales Tax Revenue Refunding Bonds - Series 2017	1.94%	02/23/17	2017-2023	Various
Total Revenue Bonds				
Total Governmental Activities				
<b>Business-type Activities:</b>				
Revenue Bonds:				
2005B Water and Storm Sewer Revenue Bonds	1.48%	03/17/05	2005-2025	Various
2013 Water and Storm Sewer Revenue Refunding Bonds	2.18%	07/02/13	2013-2025	Various
2016 Water and Storm Sewer Revenue Refunding Bonds	2.00% - 4.50%	10/25/16	2016-2028	Various
2021A Water, Sewer and Storm Sewer Revenue Bonds	3.00% - 5.00%	04/27/21	2021-2046	Various
2021B Water, Sewer and Storm Sewer Revenue Bonds	0.00%	04/27/21	2021-2032	Various
Total Revenue Bonds				
Total Business-type Activities				
Total Primary Government Long-term Bonded Indebtedness				

Original Amount	Principal		Interest	
	Balance 06/30/22	Retired Year Ended 06/30/22	Expense Year Ended 06/30/22	Payable In Future Years
\$ 9,645,000	\$ 3,155,000	\$ 1,000,000	\$ 99,125	\$ 127,563
\$ 24,500,000	<u>24,500,000</u>	<u>-</u>	<u>1,188,113</u>	<u>20,432,770</u>
	<u>27,655,000</u>	<u>1,000,000</u>	<u>1,287,238</u>	<u>20,560,333</u>
\$ 2,898,000	<u>253,000</u>	<u>243,000</u>	<u>9,622</u>	<u>4,908</u>
	<u>253,000</u>	<u>243,000</u>	<u>9,622</u>	<u>4,908</u>
	<u>27,908,000</u>	<u>1,243,000</u>	<u>1,296,860</u>	<u>20,565,241</u>
\$ 3,000,000	672,000	162,000	12,343	25,057
\$ 12,801,000	5,196,000	1,228,000	127,658	228,728
\$ 4,380,000	4,080,000	100,000	166,550	816,275
\$ 29,320,000	29,320,000	-	887,627	17,564,075
\$ 6,543,000	<u>5,949,000</u>	<u>594,000</u>	<u>-</u>	<u>-</u>
	<u>45,217,000</u>	<u>2,084,000</u>	<u>1,194,178</u>	<u>18,634,135</u>
	<u>45,217,000</u>	<u>2,084,000</u>	<u>1,194,178</u>	<u>18,634,135</u>
	<u>\$ 73,125,000</u>	<u>\$ 3,327,000</u>	<u>\$ 2,491,038</u>	<u>\$ 39,199,376</u>

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

	<b>Fiscal Year</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Governmental Activities:</b>			
Compensated Absences	\$ 2,218,836	\$ 2,397,724	\$ 2,597,198
Net Pension Liabilities	7,255,064	3,163,175	-
Claims and Judgments	1,069,320	901,538	2,165,465
Other Post-employment Benefits (OPEB)	157,627	89,063	61,379
<b>Total Governmental Activities</b>	<b>10,700,847</b>	<b>6,551,500</b>	<b>4,824,042</b>
<b>Business-type Activities:</b>			
Compensated Absences	348,645	396,024	322,981
Net Pension Liabilities	1,257,893	167,056	-
<b>Total Business-type Activities</b>	<b>1,606,538</b>	<b>563,080</b>	<b>322,981</b>
<b>Primary Government:</b>			
Compensated Absences	2,567,481	2,793,748	2,920,179
Net Pension Liabilities	8,512,957	3,330,231	-
Claims and Judgments	1,069,320	901,538	2,165,465
Other Post-employment Benefits (OPEB)	157,627	89,063	61,379
<b>Total Primary Government</b>	<b>\$ 12,307,385</b>	<b>\$ 7,114,580</b>	<b>\$ 5,147,023</b>



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

Fiscal Year	Population <sup>1</sup>	Households <sup>2</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Per Household Personal Income
2013	89,584	27,515	\$ 1,738,556,688	\$ 19,407	\$ 63,186
2014	90,154	27,486	1,734,833,422	19,243	63,117
2015	92,601	28,520	1,843,593,309	19,909	64,642
2016	93,788	29,534	1,963,264,204	20,933	66,475
2017	94,499	29,594	2,104,114,734	22,266	71,099
2018	96,159	30,009	2,218,003,494	23,066	73,911
2019	97,328	30,705	2,412,955,776	24,792	78,585
2020	98,129	31,503	2,571,470,445	26,205	81,626
2021	98,812	32,399	2,811,794,272	28,456	86,786
2022	99,195	32,574	2,963,827,566	29,879	90,988

Fiscal Year	Median Age	City Unemployment Rate	K-12 Student Population <sup>3</sup>	UVU FTE Student Population <sup>4</sup>
2013	26.3	5.30%	16,437	21,617
2014	26.4	3.90	16,275	20,697
2015	26.5	3.50	15,757	21,335
2016	26.7	3.90	15,787	22,591
2017	26.8	3.70	15,668	23,706
2018	27.0	3.30	15,644	25,037
2019	27.2	3.10	15,608	26,574
2020	27.4	5.00	14,595	27,531
2021	27.4	3.00	14,759	27,202
2022	27.4	2.30	14,821	26,790

<sup>1</sup> Population estimates were based upon census data and building activity within the City.

<sup>2</sup> Data is based upon federal income tax return data provided by the Utah State Tax Commission. The data for the current fiscal year is based on the most recent calendar year data.

<sup>3</sup> Data was provided by the Alpine School District.

<sup>4</sup> Data represents fall semester counts based on the Utah Valley University (UVU) fact book.

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
2020	98,129	9,801	9.99

Age Distribution of Population <sup>1</sup>

Age	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,791	8.96%	4,356	4.44%	4,435	4.52%
5 - 9	6,668	6.79%	3,304	3.37%	3,364	3.43%
10 - 14	8,066	8.22%	3,997	4.07%	4,069	4.15%
15 - 19	7,279	7.42%	3,606	3.68%	3,673	3.74%
20 - 24	14,144	14.42%	7,008	7.14%	7,136	7.27%
25 - 34	17,104	17.43%	8,475	8.64%	8,629	8.79%
35 - 44	10,848	11.06%	5,375	5.48%	5,473	5.58%
45 - 54	8,672	8.84%	4,297	4.38%	4,375	4.46%
55 - 59	3,702	3.77%	1,834	1.87%	1,868	1.90%
60 - 64	3,673	3.74%	1,820	1.85%	1,853	1.89%
65 - 74	5,164	5.26%	2,559	2.61%	2,605	2.66%
75 - 84	2,503	2.55%	1,240	1.26%	1,263	1.29%
85+	1,515	1.54%	750	0.76%	765	0.78%
<b>TOTAL</b>	<b>98,129</b>	<b>100.00%</b>	<b>48,621</b>	<b>49.55%</b>	<b>49,508</b>	<b>50.45%</b>

<sup>1</sup> Source: Census Bureau - This information is from a 2019 estimate as the Census Bureau has indicated they will not be releasing their standard 2020 estimate because of the impacts of the COVID-19 pandemic on data collection.

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

Taxpayer	Fiscal Year 2022			Fiscal Year 2013		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	2,925	1	5.74%	2,043	1	6.35%
Alpine School District	1,525	2	2.99%	1,485	2	4.61%
City of Orem	561	3	1.10%	501	5	1.56%
Timpanogos Regional Hospital	505	4	0.99%	473	6	1.47%
Avretta, LLC	500	5	0.98%	----		----
Wal-Mart	499	6	0.98%	340	10	1.06%
United Parcel Service, Inc.	356	7	0.70%	----		----
Target Stores	348	8	0.68%	----		----
U.S. Synthetic Corporation	347	9	0.68%	592	4	1.84%
Costco Wholesale Corporation	347	10	0.68%	----		----
Convergys Corporation	----		----	592	3	1.84%
Xactware Solutions, Inc.	----		----	447	7	1.39%
Dialogue Marketing West of Utah	----		----	405	8	1.26%
Security Metrics	----		----	361	9	1.12%
<b>Total</b>	<b>7,913</b>		<b>15.52%</b>	<b>7,239</b>		<b>22.49%</b>

**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			
	2013	2014	2015	2016
General Government	102	107	105	113
Public Safety:				
Police Protection	131	130	133	135
Fire Protection	65	68	68	67
Highways and Public Improvements	0	0	0	0
Parks and Recreation:				
Parks and Recreation	29	35	36	32
Library	45	45	46	44
Cemetery	5	5	5	5
Economic and Physical Development	4	4	3	3
Water	26	27	26	26
Water Reclamation	29	30	30	27
Storm Water	10	11	11	11
Recreation	53	53	54	54
Street Lighting	2	2	2	2
<b>Total</b>	<b>501</b>	<b>517</b>	<b>519</b>	<b>519</b>

**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					
2017	2018	2019	2020	2021	2022
122	124	129	130	133	131
137	134	134	139	144	139
68	67	68	67	71	72
0	0	0	0	1	1
33	33	32	33	32	29
46	46	44	45	47	48
5	4	5	5	5	5
3	3	2	3	3	3
24	29	30	30	31	29
30	30	29	29	27	26
11	12	12	12	13	12
54	54	50	32	44	63
2	2	3	3	3	3
<b>535</b>	<b>538</b>	<b>538</b>	<b>528</b>	<b>554</b>	<b>561</b>

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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Government:					
Building Permits Issued	817	1,064	1,301	1,429	1,518
Public Safety:					
Police Protection:					
Physical Arrests	4,338	3,335	3,621	3,842	4,145
Traffic Citations	16,042	18,116	12,487	12,064	12,022
Fire Protection:					
Emergency Responses	9,058	8,105	9,448	10,442	10,471
Ambulance Transports	2,434	2,461	2,709	2,963	2,949
Other Public Safety Services:					
Emergency Dispatch Calls	37,867	24,906	27,251	28,023	27,024
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	5,287	4,725	4,332	4,060	3,633
Concrete Used - Sidewalks (Yards)	796	821	805	750	575
Parks and Recreation:					
Recreation Programs Participants	12,276	12,984	12,486	12,702	13,974
Library - Volumes in Collection (approx.)	326,253	329,204	366,500	374,190	368,754
Cemetery - Interments	252	322	323	333	344
Economic and Physical Development:					
Public Service Organizations Assisted	16	16	16	22	16
Housing Rehab/RLF Loans/Grants Added	6	6	4	2	5
Major Project Improvements Completed	1	0	2	0	0
Water:					
Number of Consumers	22,107	22,176	22,492	22,771	22,949
Average Daily Consumption (MGD)	26.9	24.7	24.7	24.5	25.1
Water Reclamation:					
Number of Service Connections	21,226	23,232	23,670	23,923	24,422
Average Daily Treated (MGD)	7.9	7.9	7.9	8.2	8.6
Storm Water:					
Number of Sumps Added (Removed)	4	3	0	1	2
New Infrastructure (Feet)	29,040	0	250	450	0
Recreation:					
Fitness Center Admissions	369,068	353,657	304,020	326,726	361,575
Fitness Center Class Participants	4,236	5,051	3,188	2,596	2,822
Scera Park Pool Admissions	39,545	39,286	47,785	42,434	40,517
Scera Park Pool Class Participants	3,180	2,912	2,786	1,360	1,481
Solid Waste:					
Annual Waste Tonnage	26,527	28,503	27,636	29,008	28,986
Avg Annual Waste per Household (Tons)	1.39	1.36	1.38	1.46	1.45
Street Lighting:					
Number of Street Lights Added	1	29	13	36	409

Source: Various city departments

Fiscal Year				
2018	2019	2020	2021	2022
1,473	1,190	1,423	1,508	1,541
4,277	3,539	3,604	2,766	2,799
15,616	12,174	8,768	8,673	10,245
6,726	6,680	6,361	6,893	6,494
3,099	2,972	2,813	3,055	3,472
27,768	30,396	32,380	32,897	38,813
3,771	3,077	3,613	3,378	3,858
818	551	670	579	671
12,915	12,559	6,818	9,927	11,442
390,030	407,744	472,283	481,130	479,616
352	323	319	386	434
16	17	10	16	18
2	2	8	10	5
2	0	2	2	0
23,103	23,517	23,811	24,177	24,363
25.0	23.1	25.0	24.7	19.7
24,647	24,970	25,065	25,137	25,225
8.6	8.5	8.3	8.0	8.0
31	(7)	(16)	87	40
3,168	3,167	6,600	370	7,950
370,350	345,929	200,733	153,502	448,288
3,573	3,421	2,957	3,584	6,389
51,051	40,444	63,060	62,730	61,242
1,559	1,255	1,176	1,401	1,773
28,942	27,409	28,258	29,390	30,093
1.44	1.35	1.39	1.41	1.44
10	412	39	197	12

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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Government:					
Vehicles	165	172	169	168	168
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	122	107	127	125	127
Fire Protection:					
Stations	4	4	4	4	4
Vehicles	30	28	29	28	29
Highways and Public Improvements:					
Streets (miles)	241	242	242	243	243
Traffic Signals	34	34	34	34	36
Parks and Recreation:					
Parks	22	25	26	26	27
Parks Acreage	350	363	385	385	388
Playgrounds	18	18	19	19	20
Walking/Jogging Trails (miles)	40.0	40.0	40.8	40.8	40.8
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	374	374	374	382	382
Water Service Lines (miles)	103	103	103	103	103
Wells	9	9	9	9	9
Storage Capacity (thousands of gallons)	22,440	22,440	22,490	21,990	21,950
Water Reclamation:					
Sewer Lines (miles)	286	288	291	294	331
Treatment Capacity (MGD)	13.5	13.5	13.5	13.5	13.5
Storm Water:					
Storm Water Lines (miles)	84.0	84.0	87.1	88.5	88.5
Sumps	1,755	1,759	1,759	1,746	1,748
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	21	21	21
Street Lighting:					
Street Lights	5,175	5,204	5,217	5,253	5,662

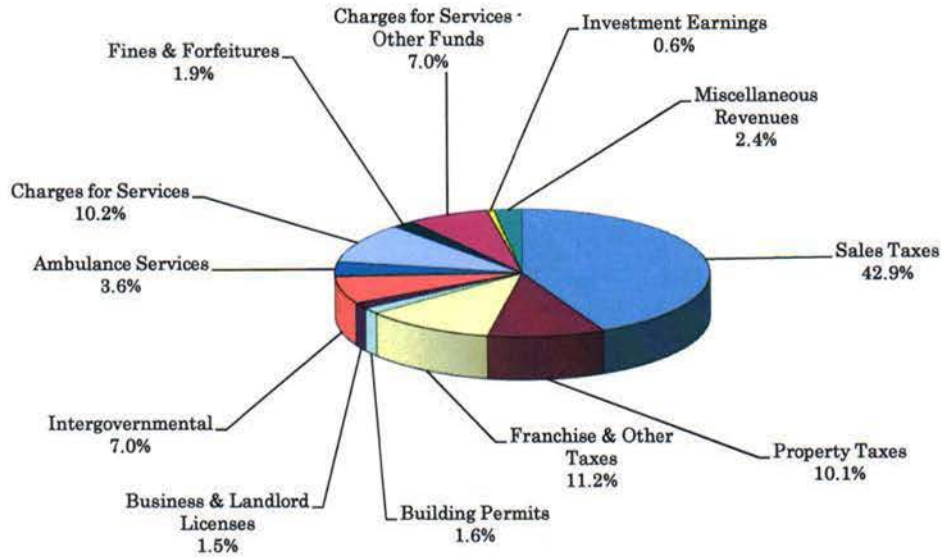
Source: Various city departments



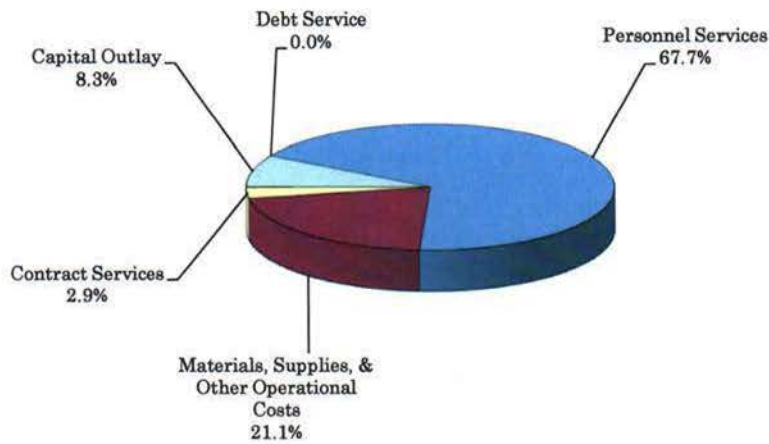
Fiscal Year				
2018	2019	2020	2021	2022
159	167	169	175	169
1	1	1	1	1
122	121	125	125	128
4	4	4	4	4
29	30	27	27	25
243	244	244	239	240
36	36	36	36	36
27	29	30	30	30
388	392	392	392	392
20	20	20	20	20
40.8	40.8	40.8	40.8	40.8
1	1	1	1	1
1	1	1	1	1
384	388	388	388	388
103	104	104	104	105
9	9	9	9	9
21,950	21,950	21,950	21,950	21,950
336	343	343	347	351
13.5	13.5	13.5	13.5	13.5
90.1	90.7	92.0	92.0	92.0
1,779	1,772	1,756	1,843	1,827
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
21	21	21	22	22
5,672	6,084	6,123	6,320	6,332

City of Orem  
 General Fund - Revenues and Expenditures  
 For The Year Ended June 30, 2022  
 (Unaudited)

**GENERAL FUND - REVENUES**



**GENERAL FUND - EXPENDITURES**





FAMILY CITY USA

City of Orem | 56 N. State St.  
Orem, UT 84057  
[orem.org](http://orem.org)