

# City of Orem



## SUPPLEMENTAL REPORTS

*For the Year Ended June 30, 2025*



**CITY OF OREM**  
**Supplemental Reports**  
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For the Year Ended June 30, 2025

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OFFINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the City of Orem (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orem's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Orem's financial statements will not be prevented or detected, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Orem's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Orem's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Orem's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah  
November 21, 2025



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

The Honorable Mayor, and  
Member of the City Council  
City of Orem, Utah

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Compliance for Each Major Federal Program***

We have audited the City of Orem's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Orem's major federal programs for the year ended June 30, 2025. The City of Orem's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Orem complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Orem and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Orem's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Orem's major federal programs.

## **Auditor's Responsibilities for the Audit Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Orem's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Orem's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Orem's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Orem's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Orem's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies in material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orem as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Orem's basic financial statements. We issued our report thereon, dated November 21, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Larson & Company, PC

Spanish Fork, Utah  
November 21, 2025

**CITY OF OREM**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2025

<b>Federal Grantor/Pass-Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grantor's Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>Department of Housing and Urban Development</b>				
CDBG Entitlement Grant Cluster				
Direct Program:				
* Community Development Block Grant	14.218	B-24-MC-49-0002	438,029	36,990
Total Entitlement Grant Cluster			438,029	36,990
<b>Total Department of Housing and Urban Development</b>			<b>438,029</b>	<b>36,990</b>
<b>Department of the Interior</b>				
Passed through Bureau of Reclamation:				
WaterSMART (Sustain and Manage America's Resources for Tomorrow)	15.507	R20AP00098	5,710	
Passed through National Park Service:				
Outdoor Recreation Acquisition, Development & Planning	15.916	49-00397	311,923	
<b>Total Department of the Interior</b>			<b>317,633</b>	
<b>Department of Justice</b>				
Passed through Commission on Criminal and Juvenile Justice:				
Bulletproof Vest Partnership Program Grant	16.607	6B06	17,415	
Equitable Sharing Program Grant	16.922	UT0250300	188,668	
Direct Program:				
Public Safety Partnership & Community Policing Grants (COPS)	16.710	15JCOPS-21-GG-03565-UHPX	210,507	
Public Safety Partnership & Community Policing Grants (COPS)	16.710	15JCOPS-23-GG-01771-PPSE	111,847	
<b>Total Department of Justice</b>			<b>528,437</b>	
<b>Department of Transportation</b>				
Passed through Utah Department of Public Safety:				
State and Community Highway Safety Grant	20.600	DD190805	3,813	
<b>Total Department of Transportation</b>			<b>3,813</b>	
<b>Department of the Treasury</b>				
Direct Program:				
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	07-298-8710	446,092	
<b>Total Department of the Treasury</b>			<b>446,092</b>	
<b>National Endowment for the Arts &amp; Humanities</b>				
Passed through Western States Arts Federation:				
Promotion of the Arts Partnership Agreement	45.025	TW20240174	3,250	
<b>Total National Endowment for the Arts &amp; Humanities</b>			<b>3,250</b>	
<b>Environmental Protection Agency</b>				
Direct Program:				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	96896201	53,774	
<b>Total Environmental Protection Agency</b>			<b>53,774</b>	
<b>Department of Energy</b>				
Direct Program:				
COVID-19 Energy Efficiency & Conservation Block Grant (EECBG)	81.128	SE0000258	150,350	
<b>Total Department of Energy</b>			<b>150,350</b>	
<b>Executive Office of the President</b>				
Direct Program:				
High Intensity Drug Trafficking Areas (HIDTA) Program	95.001	G-24-RM0030A	138,383	
High Intensity Drug Trafficking Areas (HIDTA) Program	95.001	G-25-RM0030A	145,666	
<b>Total Executive Office of the President</b>			<b>284,049</b>	
<b>Department of Homeland Security</b>				
Passed through Department of Public Safety Division of Emergency Services and Homeland Security:				
Emergency Management Performance Grant (EMPG)	97.042	EMPG-2024-DEM-013	15,000	
<b>Total Department of Homeland Security</b>			<b>15,000</b>	
<b>Total Federal Financial Assistance</b>			<b>\$ 2,240,427</b>	<b>\$ 36,990</b>

See notes to the Supplementary Schedule of Expenditures of Federal Awards.

\* Indicates major program tested

**CITY OF OREM**  
**Notes to the Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2025

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**1. GENERAL**

The accompanying schedule of expenditures of federal awards (the schedule) includes the grant activity of the City of Orem (the City) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The City reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the operations of the City of Orem it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Orem.

**2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for expenditures in governmental fund types and on the accrual basis for expenses in proprietary fund types, which is described in Note 1 to the basic financial statements.

**3. NON-CASH ASSISTANCE**

The City did not receive any non-cash assistance.

**4. LOANS OUTSTANDING**

The City does not have federally insured loans outstanding at year end.

**5. DE MINIMIS INDIRECT COST RATE**

The City has elected to use the 10% de minimis indirect cost rate

**CITY OF OREM**  
**Schedule of Federal Findings and Questioned Costs**  
For the Year Ended June 30, 2025

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**SUMMARY OF AUDIT RESULTS**

1. The independent auditor’s report expresses an unqualified opinion on the basic financial statements of the City of Orem.
2. No reportable conditions related to the audit of the financial statements are reported in the Auditor’s Report on Internal Controls and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of the City of Orem were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.
5. The independent auditor’s report on compliance for the major federal award programs for the City of Orem, expresses an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported under 2 CFR section 200.516(a).
7. The program tested as a major program include:  

Community Development Block Grant	CFDA# 14.218
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8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. The City of Orem was determined to be a low-risk auditee.

**CITY OF OREM**  
**Schedule of Federal Findings and Questioned Costs (Continued)**  
For the Year Ended June 30, 2025

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**SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**

**FINANCIAL STATEMENT/UTAH COMPLIANCE FINDINGS**

**2025-001 Deficit Fund Balance**

**Criteria:** *Utah State Code 10-6-117-(2)* states that the governing body of a city shall include an item of appropriation for the deficit in the current budget of the fund equal to; a) at least 5% of the total revenue of the fund in the last completed fiscal year; or 2) if the deficit is equal to less than 5% of the total revenue of the fund in the last completed fiscal year, the entire amount of the deficit.

**Condition and context:** The City of Orem had a recurring deficit fund balance in the Facilities Maintenance Fund (Fund 65). In the amended and subsequent budget there is no appropriation to retire at least 5% of the deficit fund balance.

**Cause and effect:** Oversight by governance, management, and staff.

**Recommendation:** We recommend that the City and its management review prior year fund balances. If a deficit has occurred, we recommend that the City ensure that there is a line item with an appropriation to retire an amount equal to or greater than 5% of the fund's deficit balance while preparing the current year budget.

**View of responsible officials:** The City budgeted \$115,000 in a "holding/contingency" account that will NOT be used. By adding this account and funds to the City's FY 2025-2026 adopted budget, the amount of contributions (which are based on all budgeted expenditures) to the internal service fund from other funds should exceed actual expenditures by at least this amount, if not more. This will cut the current deficit in about half with the remaining deficit amount being relieved when we complete our FY 2026-2027 budget.

**2025-002 Deposit and Investment Report was incomplete**

**Criteria:** *Utah State Code 51-7-17* states that the public treasurer shall ensure that all public funds invested in deposit instruments are invested with qualified depositories within Utah.

**Condition and context:** Orem City listed improper accounts and did not list all accounts in their Deposit and Investment Report.

**Cause and effect:** This appears to have been an oversight by governance and management due to a lack of review when reviewing the Deposit and Investment Report.

**Recommendation:** We recommend that management reviews and stays up to date on the accounts in their Deposit and Investment Report.

**View of responsible officials:** The City Treasurer is aware of the issue and has identified how the error occurred and has made adjustments to the process so that this issue does not occur again.

## CITY OF OREM

### Schedule of Federal Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2025

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#### 2025-003 General Fund Balance

**Criteria:** *Utah State Code 10-6-116-(2)* states that the accumulation of fund balance in the city general fund may not exceed 35% of the total revenue of the city general fund for the current fiscal period. Fund balance considered in the calculation of fund balance are amounts that are unassigned, assigned, or committed. Any fund balance amounts that are restricted or are non-spendable are not considered when calculating maximum and minimum fund balance for the general fund.

**Condition and context:** Unassigned (\$26,559,579), assigned (\$9,713,187), and committed (\$0) fund balance in the general fund totaled \$47,593,378. Maximum fund balance based on 35% of total revenue for the general fund would be \$30,563,646. The city exceeded the maximum fund balance by \$4,072,195.

**Cause and effect:** This appears to have been an oversight by governance and management. Accumulating funds to be set aside for future capital projects were not transferred out of the general fund by year end.

**Recommendation:** We recommend that those charged with governance and management review general fund balances at year end to ensure compliance with Utah Code. Funds earmarked for future projects should be moved to an appropriate capital projects fund or other funds as needed according to budgeted appropriations.

**View of responsible officials:** The City is aware of exceeding the maximum fund balance and will be including a budget amendment in FY 2026 to transfer enough funds out of the General Fund and into the Capital Projects Fund to alleviate this issue.

#### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during current audit

**CITY OF OREM**  
**Schedule of Federal Findings and Questioned Costs (Continued)**  
For the Year Ended June 30, 2025

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**SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**FINANCIAL STATEMENT/UTAH COMPLIANCE FINDINGS**

**2024-001 Deficit Fund Balance**

**Criteria:** *Utah State Code 10-6-117-(2)* states that the governing body of a city shall include an item of appropriation for the deficit in the current budget of the fund equal to; a) at least 5% of the total revenue of the fund in the last completed fiscal year; or 2) if the deficit is equal to less than 5% of the total revenue of the fund in the last completed fiscal year, the entire amount of the deficit.

**Condition and context:** The City of Orem had a recurring deficit fund balance in the Facilities Maintenance Fund (Fund 65). The City increased the allocated revenue to this fund by roughly \$370,000, however, costs in FY2024 increased an additional \$133,000. This increase in costs caused the deficit to increase \$134,371 during the period. The City failed to include a line item in the adopted budget for deficit reduction.

**Status of finding:** Finding was substantially repeated in the current period. See finding 2025-001.

**2024-002 General Fund Balance**

**Criteria:** *Utah State Code 10-6-116-(2)* states that the accumulation of fund balance in the city general fund may not exceed 35% of the total revenue of the city general fund for the current fiscal period. Fund balance considered in the calculation of fund balance are amounts that are unassigned, assigned, or committed. Any fund balance amounts that are restricted or are non-spendable are not considered when calculating maximum and minimum fund balance for the general fund.

**Condition and Context:** Unassigned (\$26,760,135), assigned (\$7,867,846), and committed (\$0) fund balance in the general fund totaled \$34,627,981. Maximum fund balance based on 35% of total revenue for the general fund would be \$31,997,440. The city exceeded the maximum fund balance by \$2,630,541.

**Status of finding:** Finding was substantially repeated in the current period. See finding 2025-003.

**2024-003 Budgeted expenditures exceeded appropriations**

**Criteria:** *Utah State Code 10-6-123* states that City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended. Any obligation contracted by any such officer may not be or become valid or enforceable against the city.

**Condition and Context:** Orem city had total expenditures in funds 63, 65, and 76 that exceeded the amounts in the final adopted budget.

**Status of finding:** Finding appears to be corrected in the current period.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted during prior audit

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE  
STATE COMPLIANCE AUDIT GUIDE**

The Honorable Mayor, and  
Member of the City Council  
City of Orem, Utah

***Report on Compliance with General State Compliance Requirements***

We have audited the City of Orem’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

Budgetary Compliance	Fund Balance
Justice Court	Restricted Taxes and Related Revenues
Fraud Risk Assessment	Governmental Fees
Cash Management	Impact Fees
Utah Retirement Systems	Public Treasurer’s Bond
Open and Public Meetings Act	Enterprise Fund Transfers, Reimbursements, Loans, and Services

***Opinion on Compliance***

In our opinion, the City of Orem complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Orem and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of District’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Orem’s government programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. 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, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Orem's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Orem's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Orem's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide but not for the purpose of expressing an opinion on the effectiveness of the City of Orem's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and questioned costs. Our opinion on compliance is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah  
November 21, 2025