



CITY OF OREM

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2023

STATE OF UTAH



FAMILY CITY USA

CITY OF OREM

STATE OF UTAH

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE
YEAR ENDED JUNE 30, 2023**

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, 2023

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INTRODUCTORY SECTION



December 11, 2023

Mayor and City Council of the City of Orem
Citizens of the City of Orem

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, 2023, 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, 2023, 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, 2023, 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 11-14).

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 sixth largest city in the state with a 2020 census population of 98,129 and an estimated population at June 30, 2023, of 95,230. 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 part-time Mayor and a full-time City Manager. 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 30th, unless a property tax increase is proposed. If a property tax is proposed, adoption must occur no later than August 31st. The City Council is the administrator of the legal level of budgetary control. Additional information can be found on pages 63-64.

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. Currently, a multi-story hotel is under construction and is expected to be completed in the spring of 2024. Remaining plans for the area include additional upscale office, retail, and apartment complexes. This transformation will ensure the area continues to be a growing and vibrant economic anchor for the community.

Major development has occurred in the northwest area of the city. Seven industrial flex warehouse buildings have recently been built on two separate project sites. Currently, some of these buildings are occupied by such nationally known companies as Lakanto, Lennox, and Mity-Lite. These warehouse buildings occupy close to 85 acres. Remaining plans for the site call for an additional industrial flex warehouse building and over 27,000 square feet of retail space to be built.

Utah Valley University (UVU) is a major employer in the City with over 5,400 employees serving over 43,000 students. UVU is the State's largest university and plays a pivotal role in the growth of the city.

Employment in Utah continues to do very well in comparison to most other states. The county unemployment rate at June 30, 2023, was 2.8% compared to 2.4% for the state and 3.6% nationally (see page 32 for a historical comparison).

General Fund sales tax revenue, the City's largest source of tax revenue, continues to grow, albeit it was only by 0.9% in the current fiscal year compared to 13.5% in FY 2022 and 18.0% in FY 2021. While these sales tax revenues increased in the current fiscal year, the first six months of the fiscal year had an increase of 6.9% while the last six months had a decrease of 5.0%. The decrease over the last six months of the fiscal year is concerning and as such, the City anticipates sales tax revenues will decline slightly in FY 2024. The City expects its sales tax revenues in FY 2024 to be lower than but closer to FY 2022 (\$31.8 million) than FY 2021 (\$28.0 million). Both FY 2021 and FY 2022 were considered to be anomalies from a growth standpoint as federal pandemic subsidies and ultra-low interest rates (causing a very hot housing market) both influenced heavy retail spending.

For all other major revenues, the City expects these revenues, as a whole, to maintain or increase marginally over the next fiscal year.

Long-term Financial Planning & Policies

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

All three major enterprise funds have just about completed master plan updates which will allow the City to reassess the rates needed for the long-term viability of these utility operations. Along with these master plan updates, the City's impact fees for police, fire, transportation, parks, water, sewer, and storm water will all be analyzed and updated in the year ahead.

The Mayor and City Council have targeted the assigned/unassigned fund balance of the General Fund to be at approximately 15% of General Fund revenues (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.

As mentioned previously, the City expects a relatively small decline in its sales tax revenues in FY 2024 and anticipates the impact of this decline will result in a decrease in the amount of “reserves” transferred to the Capital Projects Fund. However, the City has the ability to absorb any decline in sales tax revenues without it affecting normal operations of the City. The impact of this decline in revenues would be to reduce the amount available for one-time capital purchases/projects. To this point and as a reference to the amount that revenues could decline before affecting normal operations, the amount transferred from the General Fund’s “reserves” to the Capital Projects Fund in FY 2023 was \$5,250,000.

It is the City’s policy to fund these one-time capital purchases/projects with one-time funding from sources such as “reserve” transfers, grants, or other unanticipated revenues.

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:

- Continued 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 construction costs.
- Continue construction on a 10-million-gallon culinary water storage tank to provide improved water pressure and needed storage.
- Began construction on a new water reuse system which uses cleaned water from the City’s water reclamation facility to irrigate an adjacent golf course and city owned outdoor regional sports complex and park.
- Continued 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.
- Began construction of a new city center facility which is to be located immediately next to its current location. This allows regular city center operations to continue without disruption during the construction period. The new city center facility will be entirely cash funded and is expected to be completed in late 2024 with the demolition of the existing city center facility to occur shortly after.
- Continued 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.
- Installation of automated water meter reading technology throughout the entire city.
- On-going preventive maintenance on City-owned streets.

For the Future

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

- Construction and/or renovation of multiple fire stations including a new fire station in the neighboring city of Vineyard with whom we currently have a contractual relationship with to provide fire and EMS services.
- Construction of a fire department training facility.
- Complete installation of the new automated water meter reading technology throughout the entire city and to begin billing year-round.
- Complete construction of a new 10-million-gallon water storage tank.
- Complete the construction a new water reuse system.
- 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.
- 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, 2022. This was the thirty-fifth 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. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We 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 black ink, appearing to read 'B. Bybee', with a stylized flourish at the end.

Brenn Bybee
City Manager

A handwritten signature in blue ink, reading 'Brandon C. Nelson, CPA', with a stylized flourish at the end.

Brandon C. Nelson, CPA
Finance Director



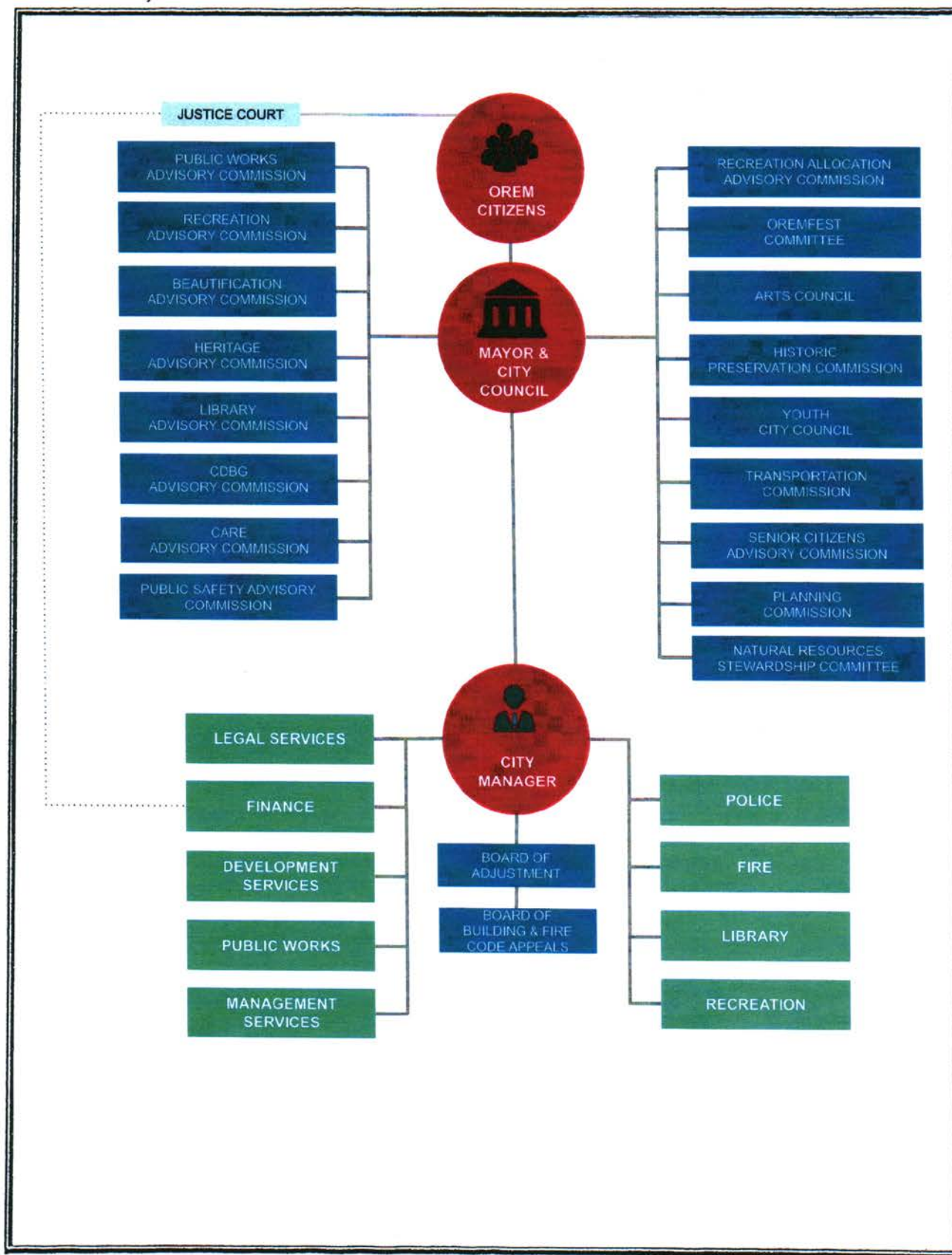
CITY OF OREM
LISTING OF OFFICIALS
ORGANIZED BY CLASSIFICATIONS

Chief Executive Officer

City Manager Brenn Bybee

Executive Staff

Assistant City Manager Ryan L. Clark
Management Services Director Keri A. Rugg
Finance Director Brandon C. Nelson
Director of Development Services Ryan L. Clark
Director of Legal Services Steven C. Earl
Director of Library Services Bryce E. Merrill
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

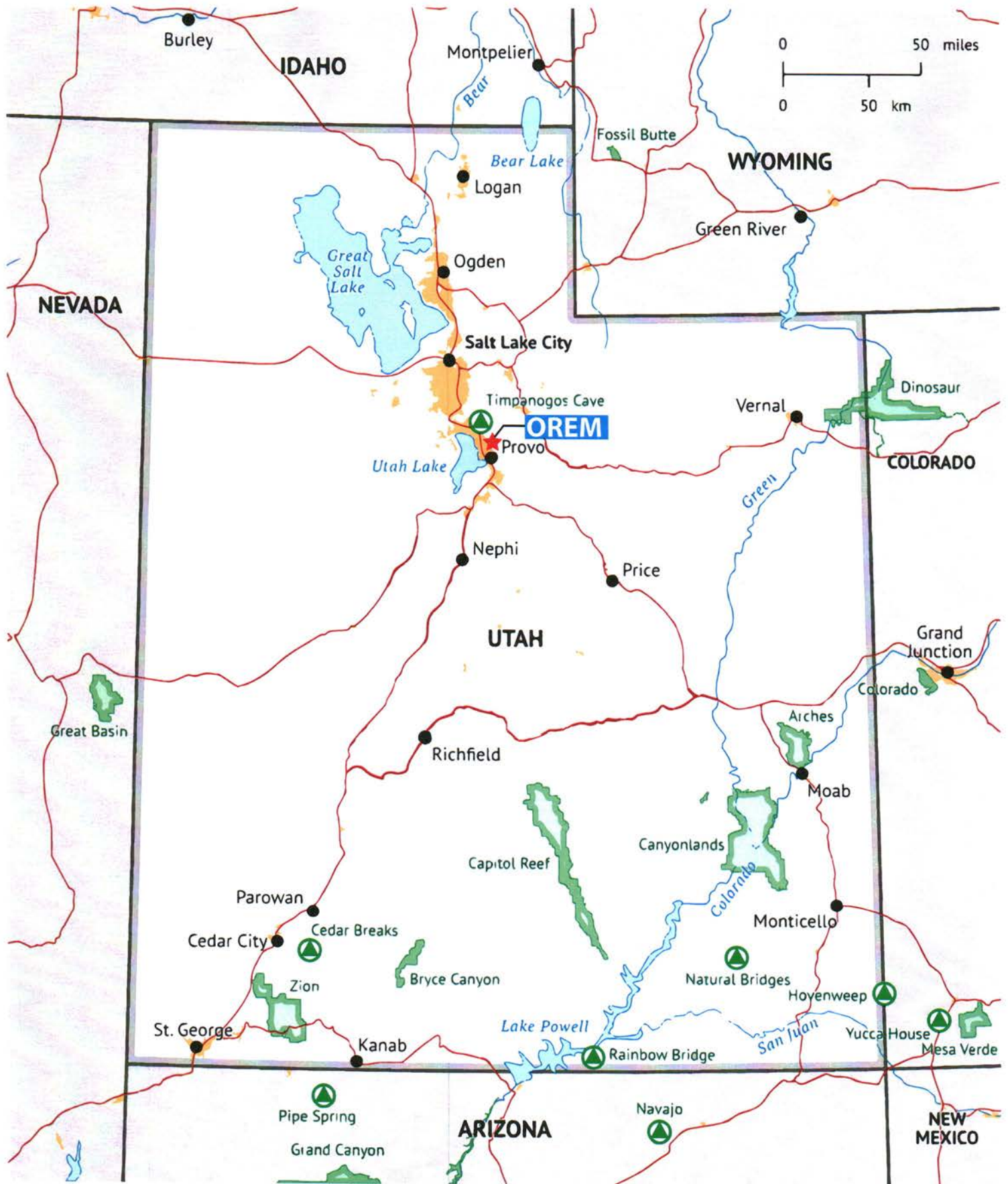
**City of Orem
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Orem

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the City of Orem as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Orem'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, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison schedule for the General Fund for the year then ended 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 the City of Orem and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement 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.

Responsibility of Management for the Financial Statements

The City of Orem'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 the City of Orem's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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, forgery, 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 and audit in accordance with GAAS, we:

- Exercise professional judgement 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 the City of Orem's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about the City of Orem'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 of Orem's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules for the capital projects fund, debt service fund, and nonmajor governmental funds, and schedule of capital assets used in the operation of governmental funds 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, budgetary comparison schedules for the capital projects fund, debt service fund, and nonmajor governmental funds, and schedule of capital assets used in the operation of governmental funds 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 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules for the capital projects fund, debt service fund, and nonmajor governmental funds, and schedule of capital assets used in the operation of governmental funds 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 11, 2023, on our consideration of the City of Orem'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 of Orem's internal control over financial reporting and compliance.

LARSON & COMPANY, PC

Larson & Company, PC

Spanish Fork, Utah
December 11, 2023

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MD & A

City of Orem
Management's Discussion and Analysis
June 30, 2023

The City of Orem's management presents this overview and analysis of its financial activities for the fiscal year ended June 30, 2023. 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 \$98,904,383. Of this amount, \$27,459,994 (27.76%) is available for spending at the City's discretion (unassigned fund balance). Total fund balance increased by \$9,407,899 compared to the prior year's increase of \$13,149,044. 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 \$14,144,939 compared to the prior year's increase of \$11,511,277. 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 2023, the City spent just over \$7 million on these bond projects with over \$18 million spent in total as of June 30, 2023.
- The City began construction on a new city center facility located adjacent to the existing facility. The estimated cost of construction is over \$28 million and will be entirely cash funded. The new facility is expected to be completed near the end of 2024. Upon completion of the new facility, the existing city center facility will be demolished in order to provide parking and courtyard amenities.
- General Fund sales tax revenues received in FY 2023 were \$32,060,847 which were 0.9% above the previous fiscal year. This low percentage increase is concerning but did follow 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.

City of Orem
Management's Discussion and Analysis
June 30, 2023

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

- The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are 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

City of Orem
Management's Discussion and Analysis
June 30, 2023

impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 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.

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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 \$451,283,389 at June 30, 2023.

By far the largest portion of the City's net position (56.39%) is its investment in capital assets (e.g. land, buildings, improvements other than buildings, vehicles, machinery and equipment, and infrastructure assets) less any outstanding debt related to the acquisition of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Orem's Total Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current Assets	\$ 145,692,418	\$ 133,713,775	\$ 114,631,944	\$ 113,590,812	\$ 260,324,362	\$ 247,304,587
Noncurrent Assets:						
Capital Assets	198,690,741	192,213,145	118,821,913	107,183,377	317,512,654	299,396,522
Other	7,262,437	23,358,313	-	2,079,804	7,262,437	25,438,117
Total Assets	351,645,596	349,285,233	233,453,857	222,853,993	585,099,453	572,139,226
Deferred Outflows of Resources	9,371,822	7,237,314	857,919	1,229,099	10,229,741	8,466,413
Total Assets & Deferred Outflows of Resources	<u>\$ 361,017,418</u>	<u>\$ 356,522,547</u>	<u>\$ 234,311,776</u>	<u>\$ 224,083,092</u>	<u>\$ 595,329,194</u>	<u>\$ 580,605,639</u>
Long-term Liabilities						
Outstanding	\$ 44,690,669	\$ 41,116,734	\$ 49,655,139	\$ 52,139,498	\$ 94,345,808	\$ 93,256,232
Other Liabilities	30,394,524	29,652,736	5,850,242	5,076,115	36,244,766	34,728,851
Total Liabilities	75,085,193	70,769,470	55,505,381	57,215,613	130,590,574	127,985,083
Deferred Inflows of Resources	13,438,117	33,753,274	17,114	2,223,137	13,455,231	35,976,411
Net Position:						
Net Investment in						
Capital Assets	164,329,351	155,974,028	90,131,576	81,282,909	254,460,927	237,256,937
Restricted	36,469,747	50,206,055	23,666,269	24,942,180	60,136,016	75,148,235
Unrestricted	71,695,010	45,819,720	64,991,436	58,419,253	136,686,446	104,238,973
Total Net Position	272,494,108	251,999,803	178,789,281	164,644,342	451,283,389	416,644,145
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 361,017,418</u>	<u>\$ 356,522,547</u>	<u>\$ 234,311,776</u>	<u>\$ 224,083,092</u>	<u>\$ 595,329,194</u>	<u>\$ 580,605,639</u>

A portion of the City of Orem's net position (13.33%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net position (\$136,686,446) 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.

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At the end of the current fiscal year, the City of Orem is able to report positive balances in all three categories of net 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 \$34,639,244 (8.31%). Total revenues increased by \$13,762,295 (10.11%), primarily due to increases in charges for services revenues of \$1,617,351 (2.40%), capital grants and contributions of \$4,020,787 (50.65%), and other revenues (which includes interest earnings) of \$6,626,907 (381.87%). Total expenses increased \$13,968,427 (13.71%).

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

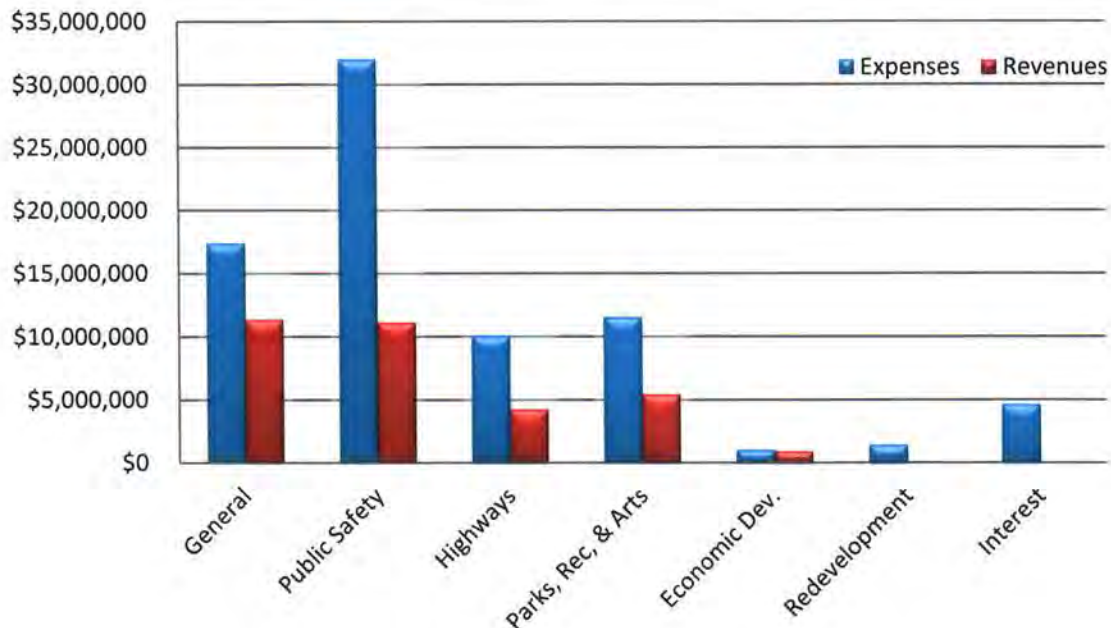
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 22,519,538	\$ 22,262,776	\$ 46,517,153	\$ 45,156,564	\$ 69,036,691	\$ 67,419,340
Operating Grants and Contributions	1,978,824	1,930,767	-	-	1,978,824	1,930,767
Capital Grants and Contributions	8,586,537	5,725,996	3,372,652	2,212,406	11,959,189	7,938,402
General Revenues:						
Sales Taxes	38,097,180	37,803,119	-	-	38,097,180	37,803,119
Property Taxes	10,593,899	10,258,353	-	-	10,593,899	10,258,353
Other Taxes	9,869,610	9,050,024	-	-	9,869,610	9,050,024
Other	4,577,080	804,619	3,785,203	930,757	8,362,283	1,735,376
Total Revenues	96,222,668	87,835,654	53,675,008	48,299,727	149,897,676	136,135,381
Expenses						
General Government	17,353,662	15,691,209	-	-	17,353,662	15,691,209
Public Safety	31,972,307	27,353,214	-	-	31,972,307	27,353,214
Highways and Public Improvements	10,011,076	8,187,834	-	-	10,011,076	8,187,834
Parks, Recreation & Arts	11,506,408	8,910,111	-	-	11,506,408	8,910,111
Economic and Physical Development	977,831	1,204,626	-	-	977,831	1,204,626
Redevelopment	1,379,413	1,334,386	-	-	1,379,413	1,334,386
Interest on Long-Term Debt	4,609,304	4,589,160	-	-	4,609,304	4,589,160
Water	-	-	15,840,176	15,541,478	15,840,176	15,541,478
Water Reclamation	-	-	9,883,718	8,309,770	9,883,718	8,309,770
Storm Water	-	-	3,822,402	3,261,027	3,822,402	3,261,027
Recreation	-	-	3,441,292	2,725,743	3,441,292	2,725,743
Solid Waste	-	-	4,503,974	4,241,603	4,503,974	4,241,603
Street Lighting	-	-	539,513	522,488	539,513	522,488
Total Expenses	77,810,001	67,270,540	38,031,075	34,602,109	115,841,076	101,872,649
Change in Net Position before Transfers & FMV Changes	18,412,667	20,565,114	15,643,933	13,697,618	34,056,600	34,262,732
Investments - FMV Change	384,629	(1,480,830)	198,015	(381,539)	582,644	(1,862,369)
Transfers In (Out)	1,697,009	1,804,802	(1,697,009)	(1,804,802)	-	-
Change in Net Position	20,494,305	20,889,086	14,144,939	11,511,277	34,639,244	32,400,363
Net Position - Beginning	251,999,803	231,110,717	164,644,342	153,133,065	416,644,145	384,243,782
Net Position - Ending	\$ 272,494,108	\$ 251,999,803	\$ 178,789,281	\$ 164,644,342	\$ 451,283,389	\$ 416,644,145

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Governmental activities. Governmental activities increased the City of Orem's net position by \$20,494,305 (8.13%). This is a decrease of \$394,781 from the prior year. Total revenues increased \$8,387,014 (9.55%). Capital grants and contributions increased \$2,860,541 (49.96%) and other revenues increased \$3,772,461 (468.85%). Total expenses increased \$10,539,461 (15.67%).

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 \$63,137,769 because these revenues are not specific to a particular department.

Program Expenses & Revenues - Governmental Activities
For Fiscal Year Ending June 30, 2023



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

- Total revenues increased \$8,387,014 (9.55%).
- Capital grants and contributions increased \$2,860,541 (49.96%). The increase occurred due to spending ARPA funds on eligible projects and thus, recognizing grant revenue as earned.
- Other revenues increased \$3,772,461 (468.85%). The increase was due to an increase in interest earnings as interest rates on invested funds increased exponentially over the last fiscal year. Rates of return on the City's invested funds went from around 1.1% to 5.1% over the course of the fiscal year.

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- Total expenses increased by \$10,539,461 (15.67%).
- Contracted services increased by \$1,359,042 as the City contracted to have several studies and/or surveys completed during the fiscal year including a school district split study and employee satisfaction survey. The City's independent audit services fee also rose substantially as audit firms continue to struggle to find qualified staff and have to pay more for the staff they already employ. The City also moved its emergency dispatch services and associated personnel to Provo City under a contracted service fee arrangement.
- Wages and benefits (excluding pension expenses) increased by \$3,031,634 over the prior year due to general department wage increases as well as healthcare cost increases.
- Pension expenses increased city-wide by over \$2.2 million compared to the prior year as the current fiscal year reflected a pension liability while the prior fiscal year had a pension asset.
- Depreciation expense increased city-wide by \$1,121,798. Most of this increase is due to a full year of depreciation for the newly constructed fitness center which began operations in the spring of 2022 and the newly constructed Library Hall which began operations in the late fall of 2021.

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.

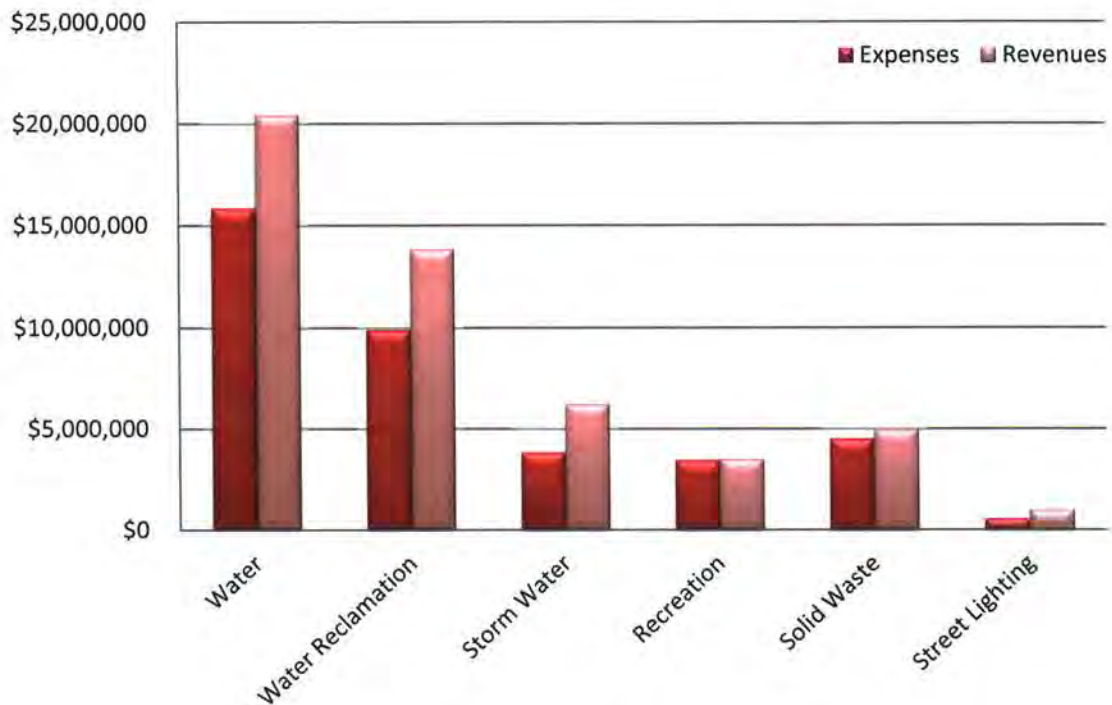


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Business-type activities. Business-type activities increased the City's net position by \$14,144,939. The increase in net position represents an 8.59% increase for the current year. Total revenues increased \$5,375,281 (11.13%) and total expenses increased \$3,428,966 (9.91%). As of the end of the current fiscal year, all of the City's business-type activities reported a positive net position.

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

Program Expenses & Revenues - Business-type Activities
For Fiscal Year Ending June 30, 2023

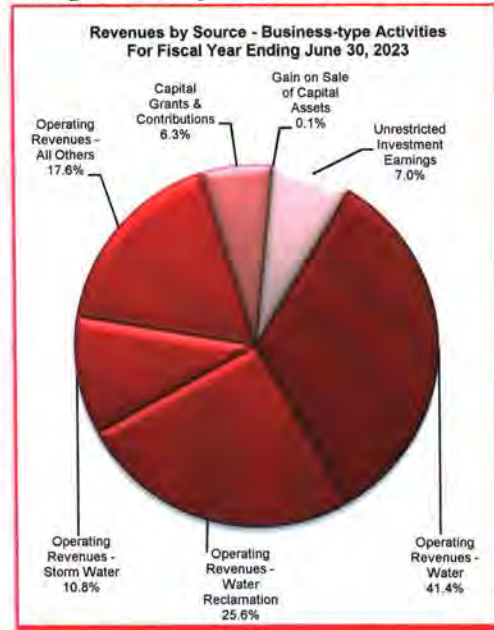


Key elements affecting the change in business-type activities net position are as follows:

- Business-type activities reported an increase in total revenues over the prior year of \$5,375,281 (11.13%). Total revenues increased or decreased as follows:

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- Water fund total operating revenues increased \$410,707 or 2.35%. The City raised the base rate by 0.50% (\$20.20 to \$20.30 on a $\frac{3}{4}$ " meter) and increased the Tier 1 usage rate by \$0.01 or 1.20% as well as increases in Tiers 2-4. These increases along with an increase in actual usage of 4.80% caused an increase in charges for services revenues of \$603,861 or 3.80%. Donations and grants revenues increased by \$1,250,782 due primarily to receiving a \$1,000,000 grant from the State of Utah Governor's Office of Economic Opportunity for the City's water reuse project. No such funding occurred in the prior fiscal year.
- Water Reclamation fund total operating revenues increased \$547,875 or 4.22%. The increase in revenues is due to a 0.49% increase in the sewer base rate (\$12.33 to \$12.39) and a 1.19% increase in the sewer volume charge (\$2.53 to \$2.56).
- Storm Water fund total operating revenues increased \$165,285 or 3.00%. The increase was due to a \$0.20 rate increase in the "equivalent service units (ESU)" rate. The rate went from \$7.80/month/ESU to \$8.00/month/ESU (2.56% 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 \$3,428,966 (9.91%). Total expenses increased or decreased as follows:
 - Personnel costs increased \$2,372,645 (35.64%). 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 increased by \$1,426,692.

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- Natural gas costs increased \$381,270 (88.50%). The increase was due to a national shortage of natural gas. The City had two contracts (water reclamation facility and fitness center) with third-party suppliers which were based on wholesale rates and were market driven.
- Contract services costs increased \$385,889 (3.77%). 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.

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 \$98,904,383. Of this total amount, \$27,459,994 (27.76%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance increased from the prior year by \$5,423,383. The remaining fund balance of \$71,444,389 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 \$27,459,994 and total fund balance increased to \$50,868,426. 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 39.10% (prior year was 36.39%) of total General Fund expenditures, while total fund balance represents 72.42% (prior year was 74.49%) of total General Fund expenditures.

General Fund - Total fund balance increased \$5,761,485 in the current fiscal year (the prior year had an increase of \$4,974,602). Thus, there was a positive variance from the prior year of \$786,883. The following elements were key factors contributing to the total fund balance increase:

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- Total revenues of the fund increased \$9,171,893 (12.44%). Taxes and special assessments increased \$1,187,292 (2.49%), intergovernmental revenues increased \$4,052,016 (78.26%), and investment earnings increased \$3,718,845 (812.45%). Details about these variances are as follows:
 - Taxes and special assessments increased primarily due to franchise tax revenues increasing \$775,966 (9.59%). The City receives franchise tax revenues from power and natural gas providers. Natural gas costs increased drastically over the winter months due to supply constraints. Natural gas franchise tax revenues increased by \$597,010 (36.87%) compared to the prior fiscal year.
 - Intergovernmental revenues increased due to spending ARPA grant funds on eligible projects and thus, recognizing grant revenue as earned (increase over prior year of \$2,861,855). The City also received its final payments on a VW litigation settlement grant which totaled \$860,114 (no such grant in the prior year).
 - Interest earnings increased primarily due to rising interest rates which increased returns on the City's invested funds. Rates of return on these invested funds went from around 1.1% to 5.1% over the course of the fiscal year.
- Total expenditures increased \$9,686,036 (16.00%). General government expenditures increased \$1,407,623 (9.03%), public safety expenditures increased \$2,828,570 (9.86%), and capital outlay expenditures increased \$4,804,712 (92.84%). Details about these variances are as follows:
 - General Government expenditures increased in total by \$1,407,623 (9.03%). The increase is a result of higher personnel costs due to general wage and benefit increases of \$881,832 (10.12%) and materials and supplies costs increasing by \$448,747 due primarily to inflationary pressures or supply shortages.
 - Public Safety expenditures increased in total by \$2,828,570 (9.86%) due primarily to higher personnel costs related to wage and benefit increases of \$1,377,897 (5.70%). Police department wages and benefits increased \$794,296 (5.16%) and fire department wages and benefits increased \$583,601 (6.64%). Contracted services increased \$1,329,451 (159.86%) due primarily to moving emergency dispatch operations and associated personnel to Provo City under a contracted service fee arrangement.
 - Capital outlay expenditures increased by \$4,804,712 (92.84%) due to construction costs related to the new city center facility of approximately \$1.8 million and the new Hillcrest Park of approximately \$3.1 million.

Debt Service Fund - Total fund balance is \$1,191,873, all of which is to be used for the payment of debt service. There was a net increase in fund balance in the current year of \$4,785. The increase was the result of increased interest earnings on invested funds.

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Capital Projects Fund - Total fund balance is \$26,896,098, 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 \$1,900,012 (7.60%). The increase was due to \$5,250,000 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 the new city center. Some of these projects began during the fiscal year and account for the difference between the increase in fund balance and the amount transferred in.

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 \$29,516,355, a increase of \$327,824 (1.12%). Total net position increased by \$6,481,736 (8.31%) during the current fiscal year (prior fiscal year had an increase of \$3,130,871 or 4.18%).

Note the increase in total net position of \$6,481,736 in the current fiscal year compared to the prior year's decline of \$3,717,602. Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$410,707 (2.35%). Charges for services increased 3.80% due to a 4.80% increase in usage, a 1.20% decrease in the Tier 1 usage rate, and a 0.50% increase in the base rate.
- Operating expenses increased \$976,789 (7.22%) in comparison with the prior year. The increase was primarily due to two elements. The first was additional personnel to get the advanced metering infrastructure (AMI) project completed by the end of the calendar year. The second was pension expenses as retirement system investment performance results were poor and resulted in a pension liability for the current fiscal year whereas the system had a pension asset in the prior fiscal year.
- Investment earnings along with the change in fair market value of the underlying investments increased \$2,557,075 (2,091.15%) due to the rise in interest rates over the current fiscal year. Rates of return rose from about 1.1% at the end of the prior fiscal year to about 5.1% by the end of the current fiscal year.
- Donations and grants increased \$1,250,782 (330.18%) primarily due to a new \$1,000,000 grant received from the State of Utah Governor's Office of Economic Opportunity for the City's water reuse project.

Water Reclamation Fund - Unrestricted net position at the end of the year is \$20,831,690, an increase of \$5,007,816 (31.65%). Total net position increased \$4,480,539 (8.70%) during the current fiscal year (prior fiscal year had an increase of \$5,145,346 or 11.10%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$547,875 (4.22%). The increase was due to an increase in the sewer base rate of 0.49% and the sewer volume charge of 1.19%.

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- Operating expenses increased \$928,431 (11.79%) in comparison with the prior year. Personnel services increased \$939,874 (52.64%) due to pension expenses as retirement system investment performance results were poor and resulted in a pension liability for the current fiscal year whereas the system had a pension asset in the prior fiscal year. Utility costs increased \$81,358 (8.48%) due natural gas costs as the City had a contract with a third-party supplier whose rates were based on wholesale rates but were market driven. Thus, when supply shortages occurred this last winter, market rates rose significantly.
- Investment earnings along with the change in fair market value of the underlying investments increased \$769,555 (982.63%) due to the rise in interest rates over the current fiscal year. Rates of return rose from about 1.1% at the end of the prior fiscal year to about 5.1% by the end of the current fiscal year.
- Impact fee expenses increased \$654,806 (329.13%) due to recording expenses related to the "excess capacity charge" allowed as part of the impact fee facilities plan (IFFP).

Storm Water Fund - Unrestricted net position at the end of the year is \$11,032,090, an increase of \$1,394,892 (14.47%). Total net position increased \$2,515,547 (9.00%) during the current fiscal year (prior fiscal year had an increase of \$2,312,641 or 9.02%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$165,285 (3.00%), due to a \$0.20 increase in the "equivalent service units (ESU)" rate which went from \$7.80/month/ESU to \$8.00/month/ESU.
- Operating expenses increased \$568,331 (18.17%) in comparison with the prior year. Personnel services increased \$475,473 (51.63%) due to pension expenses as retirement system investment performance results were poor and resulted in a pension liability for the current fiscal year whereas the system had a pension asset in the prior fiscal year.
- Investment earnings along with the change in fair market value of the underlying investments increased \$359,668 (111.01%) due to the rise in interest rates over the current fiscal year. Rates of return rose from about 1.1% at the end of the prior fiscal year to about 5.1% by the end of the current fiscal year.
- Contributions from developers increased \$386,585 (353.56%) due to several development projects turning over their storm water infrastructure to the City upon completion of the project. No such development projects had yet been completed in the prior fiscal year.

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 \$70,050,155 to a final budget of \$104,950,164, an increase of \$34,900,009 (49.82%). The changes to the General Fund budget are briefly summarized as follows:

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- Various public safety grants and donations received during the year totaled \$569,804 and various fines and forfeitures related to the drug task force increased by \$60,000.
- The library received several grants during the year totaling \$31,029.
- 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 \$10,733,892.
- 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 \$507,377.
- 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 \$2,468,836.
- The City transferred \$5,250,000 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 American Rescue Plan Act (ARPA) grant funding in prior years and the budgeted projects related to these funds were carried over from the prior year which increased the current fiscal year budget. The total amount carried over into the current fiscal year was \$15,116,536.

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 \$2,615,811 (5.67%). Actual sales tax revenues were higher than budgeted revenues by \$1,060,847, franchise tax revenues were higher than budgeted revenues by \$914,571, and property taxes were higher than budgeted revenues by \$563,930.
- Intergovernmental – Revenues – Actual amount was higher than the budgeted amount by \$4,427,477 (92.19%). Actual revenues were higher than budgeted revenues primarily due to the City recognizing earned ARPA grant revenue during the fiscal year but the budget amendment adding this funding to the budget had occurred in the prior fiscal year.
- Charges for Services – Revenues – Actual amount was higher than the budgeted amount by \$1,296,199 (14.17%). The increase was due primarily to an increase in ambulance fees received of \$926,358 (44.10%) as a large amount of collections relating to transports that had been billed by the prior billing company were collected early in the fiscal year. Passport processing and related fees increased \$112,549 (87.25%) due to a record number of passports processed as citizens inside and outside of the City recognize the superior processing capabilities of the City's help desk staff when compared to other local agencies.
- Investment Earnings – Revenues – Actual amount was higher than the budgeted amount by \$3,810,377 (104.05%). Actual revenues were higher than budgeted revenues due to the rise in interest rates over the current fiscal year. Rates of return on the City's invested funds rose from about 1.1% at the end of the prior fiscal year to about 5.1% by the end of the current fiscal year.

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- **General Government – Expenditures – Actual amounts were lower than budgeted by \$8,509,261 (30.88%). The following narrative provides details about this variance from budget:**
 - Unspent CARES Act funds of \$5,139,549 were carried over and added to the budget even though actual expenditures for the current fiscal year were only \$1,900,253. The City carried over \$3,237,657 in ARPA grant funding which was added to the budget but the City was only able to spend \$11,604 by fiscal year-end.
 - Wages and employee benefit costs were lower than budget by \$755,959. The variance is primarily due to vacant positions that occur naturally throughout the fiscal year as well as some savings due to a restructuring of the organization that took place in the middle of the fiscal year.
 - Professional and technical services accounts were lower than budget by \$471,026 as expected service costs were either delayed or determined to not be necessary. Various studies and surveys are currently in process.
- **Public Safety – Expenditures – Actual amounts were lower than budgeted by \$6,303,957 (15.97%).**
 - Various vehicle and equipment costs totaling \$1,434,152 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 \$3,483,900 at the end of the current fiscal year.
 - Wages and employee benefit costs were lower than budget by \$245,734. The variance is primarily due to vacant positions that occur naturally throughout the fiscal year.
 - Various drug task force accounts had budgeted funds that were unspent at fiscal year-end. The unspent funds totaled \$263,445.
- **Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$3,336,301 (33.88%).**
 - Various street overlay/reconstruction projects, slurry seal projects, micro-surfacing, and street striping projects totaling \$2,719,946 were budgeted but not completed by the current fiscal year-end but are expected to be completed in the next fiscal year.
 - Wages and employee benefit costs were lower than budget by \$102,850. The variance is primarily due to vacant positions that occur naturally throughout the fiscal year.
- **Parks, Recreation, and Arts – Expenditures – Actual amounts were lower than budgeted by \$9,378,097 (45.31%).**
 - The variance is due to \$11,488,969 of ARPA grant funds being carried over from the prior year. This amount was added to the budget but the City was only able to spend \$3,105,485 by fiscal year-end.
 - Wages and employee benefit costs were lower than budget by \$241,954. The variance is primarily due to vacant positions that occur naturally throughout the fiscal year.

City of Orem
Management's Discussion and Analysis
June 30, 2023

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, 2023, amounts to \$317,512,654 (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 eighteen new vehicles totaling \$872,322. They also completed the purchase of new digital radios to replace old analog radios at a total cost of \$46,804, purchased two new K9's for \$22,500, new dispatch consoles for the dispatchers moving to Provo City for \$74,904, new audio visual equipment for \$50,000, a new fire station alerting system for \$178,313, new ambulance stretchers for \$209,440, and various equipment for the new fire tiller for \$102,149.
- The parks division purchased two new vehicles for \$71,226, two new riding mowers for \$28,705, a new tow-behind seeder for \$23,562, and a new stump grinder for \$18,437. They also began the Lakeside Park sports field infield turf and lighting project spending \$1,964,671 by fiscal year-end, completed Scera Park toddler playground replacement for \$293,167, completed the Geneva and Sharon park restroom and maintenance shed builds totaling \$616,179, began the City Center Park sports fields infield rehabilitation for \$74,654, and began construction to rebuild and improve Hillcrest Park for \$3,436,074.
- The streets division completed the purchase of a survey robot for \$65,194 and purchased two new dump trucks totaling \$354,219.
- Various road, street light, and landscaping projects completed or added to construction in process were approximately \$2,500,000.
- Recreation had fitness center reconstruction costs added to construction in progress totaling \$384,450, outdoor pool improvements totaling \$203,547, a turf tank machine for \$56,500, soccer goals for \$53,755, and began outdoor pool splash pad reconstruction for \$249,850.
- The library purchased new risers for Library Hall for \$63,732 and new furniture for \$12,467. Improvement costs for the new Library Hall facility totaled \$31,559.
- The new Orem City Center began construction and costs for the fiscal year totaled \$2,822,419.
- Several other facility projects took place in the current fiscal year at the public safety building, city center, and library. These projects totaled \$144,011.
- The water reclamation division had several sewer line projects completed or added to construction in process totaling approximately \$1,038,000. They continued work on a lift station with costs totaling \$879,021. They purchased three new vehicles for \$561,846 and various other equipment totaling approximately \$94,000.

City of Orem
Management's Discussion and Analysis
June 30, 2023

- The water division had several waterline projects completed or added to construction in process totaling approximately \$638,000. They spent approximately \$1,285,000 in the current fiscal year on the automated meter read technology project that began near the end of FY 2018 which will be completed in the late fall of 2023. They purchased seven new vehicles for \$405,978, continued construction of a new 10 million gallon culinary water storage tank with costs totaling \$4,538,817, continued work on a new well with costs totaling \$2,711,262, and began work on a water reuse project with costs totaling \$607,842.
- The storm water division had several storm water line projects completed or added to construction in process totaling approximately \$1,379,000. New vehicle purchases include three new vehicles for \$101,354 and a riding mower for \$17,025.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 72,580,455	\$ 72,570,455	\$ 6,496,507	\$ 6,496,507	\$ 79,076,962	\$ 79,066,962
Buildings and Systems	43,395,716	45,107,985	566,872	625,712	43,962,588	45,733,697
Improvements other than Buildings	14,592,837	14,889,237	3,290,152	3,826,731	17,882,989	18,715,968
Machinery and Equipment	10,153,080	10,022,984	4,988,065	4,520,120	15,141,145	14,543,104
Infrastructure	48,658,532	47,708,044	82,607,187	82,560,332	131,265,719	130,268,376
Construction in Progress	9,221,573	1,825,892	19,473,440	7,939,285	28,695,013	9,765,177
Intangibles	88,548	88,548	1,399,690	1,214,690	1,488,238	1,303,238
Total Capital Assets	<u>\$ 198,690,741</u>	<u>\$ 192,213,145</u>	<u>\$ 118,821,913</u>	<u>\$ 107,183,377</u>	<u>\$ 317,512,654</u>	<u>\$ 299,396,522</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 75-77.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$69,084,000. Of this amount, \$26,630,000 comprises debt backed by the full faith and credit of the government and \$42,454,000 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	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 26,630,000	\$ 27,655,000	\$ -	\$ -	\$ 26,630,000	\$ 27,655,000
Revenue Bonds	-	253,000	42,454,000	45,217,000	42,454,000	45,470,000
Total Bonds	<u>\$ 26,630,000</u>	<u>\$ 27,908,000</u>	<u>\$ 42,454,000</u>	<u>\$ 45,217,000</u>	<u>\$ 69,084,000</u>	<u>\$ 73,125,000</u>

City of Orem
Management's Discussion and Analysis
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The City's total bonded debt decreased by \$4,041,000 (5.53%) during the current fiscal year. No new bonded debt was issued during the fiscal year.

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 \$586,927,703, 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 \$615,621,038. 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 \$1,202,548,741. More detailed information can be found on pages 172-173.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 80-86.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Orem at June 30, 2023 was 2.8%. 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City	3.1%	5.0%	3.0%	2.3%	2.8%
County	3.1%	4.5%	2.8%	2.3%	2.8%
State	3.2%	5.7%	3.1%	2.4%	2.4%
Nation	3.8%	11.1%	5.9%	3.6%	3.6%

- The General Fund budget for the fiscal year ending June 30, 2024 reflects a decrease of \$8,368,420 or 10.85% in revenues, excluding appropriations of surplus, compared to the final actual revenues for the fiscal year ended June 30, 2023. The primary decreases in budgeted revenues are identified as follows:

City of Orem
Management's Discussion and Analysis
June 30, 2023

- A decrease in intergovernmental revenues (primarily grants) of \$4,405,837 as the city does not budget for grants until they have actually been awarded and/or earned.
- A decrease in franchise tax revenues of \$839,571 as the city budgets these revenues conservatively to begin with but also believes the natural gas supply shortage which resulted in a 36.9% increase in FY 2023 will not occur again in FY 2024.
- A decrease in the E911 surcharge revenues of \$932,560 due to moving the City's dispatch services to Provo City.
- A decrease of \$824,483 in ambulance revenues as the city does not anticipate the same amount of transport volume in FY 2024 as there was in FY 2023.
- A decrease in investment earnings of \$1,324,577 as conservative estimates are used to come up with this budget amount each year. The City also believes federal interest rates will need to be lowered at some point during the fiscal year which will affect investment rates of return negatively. The City will also be spending a large amount of its currently invested funds on the new city center during FY 2024.
- The General Fund budget for the fiscal year ending June 30, 2024 reflects a decrease of \$2,606,935 or 3.38% in expenditures compared to the final actual expenditures for the fiscal year ended June 30, 2023. Most of this is due to the personnel cost increases and additional capital projects and acquisitions in the FY 2024 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. While sales tax revenues appear to be leveling off in comparison to the prior year, other revenue sources are comparable or 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 or diminished should positive or negative revenue trends continue.

All of these factors were considered in preparing the City's budget for the 2023-2024 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.gov

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BASIC FINANCIAL STATEMENTS

City of Orem
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 65,551,333	\$ 66,513,541	\$ 132,064,874
Investments	16,861,207	-	16,861,207
Receivables (Net of Allowance for Uncollectibles)	1,353,533	4,809,020	6,162,553
Property and Other Taxes Receivable	13,613,830	-	13,613,830
Special Assessments Receivable	37,660	-	37,660
Intergovernmental Receivables	179,249	-	179,249
Notes Receivable	487,093	-	487,093
Leases Receivable	2,264,741	-	2,264,741
Prepaid Expenses	53,914	-	53,914
Inventory	371,945	-	371,945
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	871,272	3,734,117	4,605,389
Capital Improvements	29,180,264	39,575,266	68,755,530
Other Purposes	7,099,665	-	7,099,665
Receivables:			
Debt Service	2,281,913	-	2,281,913
Capital Improvement Projects	2,332,133	-	2,332,133
Other Purposes	1,172,574	-	1,172,574
Investments:			
Debt Service	2,619,621	-	2,619,621
Capital Improvement Projects	2,070,347	-	2,070,347
Pension Assets	4,552,561	-	4,552,561
Capital Assets:			
Non-depreciable Capital Assets	81,890,576	27,369,637	109,260,213
Depreciable Capital Assets (net)	116,800,165	91,452,276	208,252,441
Total Assets	<u>351,645,596</u>	<u>233,453,857</u>	<u>585,099,453</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Debt Refundings	20,224	364,667	384,891
Pensions	9,351,598	493,252	9,844,850
Total Deferred Outflows of Resources	<u>9,371,822</u>	<u>857,919</u>	<u>10,229,741</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 361,017,418</u>	<u>\$ 234,311,776</u>	<u>\$ 595,329,194</u>
LIABILITIES			
Accounts Payable	\$ 3,646,073	\$ 3,497,694	\$ 7,143,767
Customer Deposits	9,014,261	115,041	9,129,302
Accrued Liabilities	1,622,001	460,136	2,082,137
Unearned Revenues	15,272,735	1,104,285	16,377,020
Accrued Interest Payable	279,164	673,086	952,250
Liabilities Payable from Restricted Assets	560,290	-	560,290
Noncurrent Liabilities:			
Due within One Year	5,160,672	3,584,066	8,744,738
Due in more than One Year	39,529,997	46,071,073	85,601,070
Total Liabilities	<u>75,085,193</u>	<u>55,505,381</u>	<u>130,590,574</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenues - Property Taxes	10,991,913	-	10,991,913
Leases	2,264,741	-	2,264,741
Pensions	181,463	17,114	198,577
Total Deferred Inflows of Resources	<u>13,438,117</u>	<u>17,114</u>	<u>13,455,231</u>
NET POSITION			
Net Investment in Capital Assets	164,329,351	90,131,576	254,460,927
Restricted for:			
Debt Service	3,490,893	3,734,117	7,225,010
Capital Improvements	13,922,920	17,520,000	31,442,920
Capital Improvements - Impact Fees	2,324,588	2,412,152	4,736,740
Pensions	4,552,561	-	4,552,561
Community Development	12,178,785	-	12,178,785
Unrestricted	71,695,010	64,991,436	136,686,446
Total Net Position	<u>272,494,108</u>	<u>178,789,281</u>	<u>451,283,389</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 361,017,418</u>	<u>\$ 234,311,776</u>	<u>\$ 595,329,194</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 17,353,662	\$ 11,344,837	\$ -	\$ -
Public Safety	31,972,307	9,116,192	1,276,137	726,691
Highways and Public Improvements	10,011,076	280,260	-	3,946,103
Parks, Recreation and Arts	11,506,408	1,757,350	60,489	3,590,370
Economic and Physical Development	977,831	20,899	558,096	323,373
Redevelopment	1,379,413	-	84,102	-
Interest on Long-term Debt	4,609,304	-	-	-
Total Governmental Activities	<u>77,810,001</u>	<u>22,519,538</u>	<u>1,978,824</u>	<u>8,586,537</u>
Business-type Activities:				
Water	15,840,176	17,850,697	-	2,571,966
Water Reclamation	9,883,718	13,534,149	-	281,392
Storm Water	3,822,402	5,680,634	-	519,294
Recreation	3,441,292	3,501,688	-	-
Solid Waste	4,503,974	4,958,142	-	-
Street Lighting	539,513	991,843	-	-
Total Business-type Activities	<u>38,031,075</u>	<u>46,517,153</u>	<u>-</u>	<u>3,372,652</u>
Total Primary Government	<u>\$ 115,841,076</u>	<u>\$ 69,036,691</u>	<u>\$ 1,978,824</u>	<u>\$ 11,959,189</u>

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
\$ (6,008,825)	\$ -	\$ (6,008,825)
(20,853,287)	-	(20,853,287)
(5,784,713)	-	(5,784,713)
(6,098,199)	-	(6,098,199)
(75,463)	-	(75,463)
(1,295,311)	-	(1,295,311)
(4,609,304)	-	(4,609,304)
(44,725,102)	-	(44,725,102)
-	4,582,487	4,582,487
-	3,931,823	3,931,823
-	2,377,526	2,377,526
-	60,396	60,396
-	454,168	454,168
-	452,330	452,330
-	11,858,730	11,858,730
(44,725,102)	11,858,730	(32,866,372)
38,097,180	-	38,097,180
10,593,899	-	10,593,899
8,864,571	-	8,864,571
586,866	-	586,866
418,173	-	418,173
4,419,404	3,741,222	8,160,626
157,676	43,981	201,657
384,629	198,015	582,644
1,697,009	(1,697,009)	-
65,219,407	2,286,209	67,505,616
20,494,305	14,144,939	34,639,244
251,999,803	164,644,342	416,644,145
\$ 272,494,108	\$ 178,789,281	\$ 451,283,389

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City of Orem
Balance Sheet
Governmental Funds
June 30, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 31,326,807	\$ 1,191,873	\$ 27,539,529	\$ 507,045	\$ 60,565,254
Investments	16,861,207	-	-	-	16,861,207
Receivables (Net of Allowance for Uncollectibles)	1,352,673	-	-	-	1,352,673
Property Taxes Receivable	7,250,000	-	-	-	7,250,000
Other Taxes Receivable	6,363,830	-	-	-	6,363,830
Special Assessments Receivable	37,660	-	-	-	37,660
Intergovernmental Receivables	116,237	-	-	63,012	179,249
Due from Other Funds	165,510	-	-	-	165,510
Notes Receivable	-	-	-	487,093	487,093
Leases Receivable	-	-	2,264,741	-	2,264,741
Prepays	34,497	-	-	-	34,497
Restricted Cash and Cash Equivalents:					
Debt Service	871,272	-	-	-	871,272
Capital Improvement Projects	15,780,913	-	-	13,399,351	29,180,264
Other Purposes	1,967,770	-	-	5,131,895	7,099,665
Restricted Receivables:					
Debt Service	-	2,281,913	-	-	2,281,913
Capital Improvement Projects	872,133	-	-	1,460,000	2,332,133
Other Purposes	114,507	-	-	1,058,067	1,172,574
Restricted Investments:					
Debt Service	2,619,621	-	-	-	2,619,621
Capital Improvement Projects	2,070,347	-	-	-	2,070,347
Total Assets	\$ 87,804,984	\$ 3,473,786	\$ 29,804,270	\$ 22,106,463	\$ 143,189,503
LIABILITIES					
Accounts Payable	\$ 2,739,951	\$ -	\$ 448,411	\$ 350,979	\$ 3,539,341
Customer Deposits	9,014,261	-	-	-	9,014,261
Accrued Liabilities	1,528,218	-	-	16,013	1,544,231
Unearned Revenues	15,071,826	-	195,020	5,889	15,272,735
Liabilities Payable from Restricted Assets	560,290	-	-	-	560,290
Total Liabilities	28,914,546	-	643,431	372,881	29,930,858
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	7,250,000	2,281,913	-	1,460,000	10,991,913
Deferred Revenues - Receivables	772,012	-	-	325,596	1,097,608
Leases	-	-	2,264,741	-	2,264,741
Total Deferred Inflows of Resources	8,022,012	2,281,913	2,264,741	1,785,596	14,354,262
FUND BALANCES					
Nonspendable	34,497	-	-	-	34,497
Restricted	12,310,124	-	-	19,553,148	31,863,272
Assigned	11,063,811	1,191,873	26,896,098	394,838	39,546,620
Unassigned	27,459,994	-	-	-	27,459,994
Total Fund Balances	50,868,426	1,191,873	26,896,098	19,947,986	98,904,383
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 87,804,984	\$ 3,473,786	\$ 29,804,270	\$ 22,106,463	\$ 143,189,503

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

Capital assets used in governmental funds are not financial resources.	198,690,741
Total Pension Assets and Deferred Outflows of Resources are not available financial resources and are not reported in the governmental funds.	13,924,383
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.	1,098,468
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.	4,316,650
Long-term liabilities, including bonds payable, compensated absences, and pensions, are not due and payable in the current period.	(43,979,890)
Interest payable on long-term obligations do not require current financial resources and are not reported in the governmental funds.	(279,164)
Deferred Inflows of Resources related to pensions do not require current financial resources and are not reported in the governmental funds.	(181,463)
Net Position of Governmental Activities	\$ 272,494,108

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, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Special Assessments	\$ 48,775,579	\$ 2,284,511	\$ -	\$ 7,484,136	\$ 58,544,226
Licenses and Permits	1,654,707	-	-	-	1,654,707
Intergovernmental	9,229,810	-	84,102	881,469	10,195,381
Charges for Services	10,445,287	-	-	108,263	10,553,550
Fines and Forfeitures	1,537,815	-	-	-	1,537,815
Charges for Services - Other Funds	5,523,217	-	-	-	5,523,217
Impact Fees	-	-	-	369,980	369,980
Investment Earnings	4,176,577	5,748	-	618,132	4,800,457
Miscellaneous Revenue	1,560,243	-	476,045	301,087	2,337,375
Total Revenues	<u>82,903,235</u>	<u>2,290,259</u>	<u>560,147</u>	<u>9,763,067</u>	<u>95,516,708</u>
EXPENDITURES					
Current:					
General Government	16,987,348	-	-	-	16,987,348
Public Safety	31,510,427	-	-	-	31,510,427
Highways and Public Improvements	3,547,436	-	-	255,591	3,803,027
Parks, Recreation and Arts	8,025,977	-	-	1,020,942	9,046,919
Economic and Physical Development	186,607	-	117,265	421,072	724,944
Redevelopment	-	-	-	1,190,792	1,190,792
Debt Service:					
Principal Retirement	-	1,278,000	-	50,000	1,328,000
Interest and Fiscal Charges	-	4,689,827	-	8,396	4,698,223
Leases - Principal	-	465,000	-	-	465,000
Leases - Interest	-	89,589	-	-	89,589
Capital Outlay	9,979,894	-	3,993,305	4,021,299	17,994,498
Total Expenditures	<u>70,237,689</u>	<u>6,522,416</u>	<u>4,110,570</u>	<u>6,968,092</u>	<u>87,838,767</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>12,665,546</u>	<u>(4,232,157)</u>	<u>(3,550,423)</u>	<u>2,794,975</u>	<u>7,677,941</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Asset Disposals	183,936	-	-	-	183,936
Transfers In	2,385,993	4,236,942	5,450,435	-	12,073,370
Transfers Out	(9,473,990)	-	-	(1,053,358)	(10,527,348)
Total Other Financing Sources (Uses)	<u>(6,904,061)</u>	<u>4,236,942</u>	<u>5,450,435</u>	<u>(1,053,358)</u>	<u>1,729,958</u>
Net Change in Fund Balances	5,761,485	4,785	1,900,012	1,741,617	9,407,899
Fund Balance - Beginning	45,106,941	1,187,088	24,996,086	18,206,369	89,496,484
Fund Balance - Ending	<u>\$ 50,868,426</u>	<u>\$ 1,191,873</u>	<u>\$ 26,896,098</u>	<u>\$ 19,947,986</u>	<u>\$ 98,904,383</u>

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, 2023

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

Net Change in Fund Balances - Total Governmental Funds		\$ 9,407,899
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	\$ 15,230,548	
Depreciation Expense	<u>(8,803,009)</u>	6,427,539
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>\$ 1,793,000</u>	1,793,000
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	\$ (33,352)	
Amortization of Bond Premiums (Discounts)	<u>207,371</u>	174,019
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	\$ (339,829)	
Interest Expense	4,489	
Pension Expense	2,253,530	
Other Post Employment Benefits (OPEB) Expense	<u>(341)</u>	1,917,849
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Special Assessment Revenues	\$ 20,039	
Charges for Services Revenues	333,308	
Gain (Loss) on Sale of Capital Assets	(26,260)	
Pension Revenues - Nonemployer Contributions	<u>579,563</u>	906,650
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>(132,651)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 20,494,305</u></u>

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

City of Orem
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes and Special Assessments	\$ 46,159,768	\$ 46,159,768	\$ 48,775,579	\$ 2,615,811
Licenses and Permits	1,765,000	1,765,000	1,654,707	(110,293)
Intergovernmental	4,201,500	4,802,333	9,229,810	4,427,477
Charges for Services	9,149,088	9,149,088	10,445,287	1,296,199
Fines and Forfeitures	1,216,100	1,276,100	1,537,815	261,715
Charges for Services - Other Funds	5,523,217	5,523,217	5,523,217	-
Investment Earnings	366,200	366,200	4,176,577	3,810,377
Miscellaneous Revenues	996,282	1,105,552	1,560,243	454,691
Total Revenues	<u>69,377,155</u>	<u>70,147,258</u>	<u>82,903,235</u>	<u>12,755,977</u>
EXPENDITURES				
General Government:				
Legislative	669,450	821,912	739,205	82,707
Executive	3,466,514	3,801,343	3,314,689	486,654
Management Services	1,165,270	1,379,427	1,182,442	196,985
Finance	4,344,079	4,420,205	4,052,290	367,915
Legal Services	1,544,086	1,609,784	1,377,679	232,105
Development Services	5,081,740	5,094,176	4,736,246	357,930
Other - Unclassified	3,324,496	10,433,002	3,648,037	6,784,965
Total General Government	<u>19,595,635</u>	<u>27,559,849</u>	<u>19,050,588</u>	<u>8,509,261</u>
Public Safety:				
Police	20,357,243	22,321,471	21,289,137	1,032,334
Fire	12,839,710	17,150,792	11,879,169	5,271,623
Total Public Safety	<u>33,196,953</u>	<u>39,472,263</u>	<u>33,168,306</u>	<u>6,303,957</u>
Highways and Public Improvements:				
Administration	588,675	625,445	576,052	49,393
Traffic and Streets	6,306,725	9,222,025	5,935,117	3,286,908
Total Highways and Public Improvements	<u>6,895,400</u>	<u>9,847,470</u>	<u>6,511,169</u>	<u>3,336,301</u>
Parks, Recreation and Arts	8,467,669	20,699,116	11,321,019	9,378,097
Economic and Physical Development	245,097	298,336	186,607	111,729
Total Expenditures	<u>68,400,754</u>	<u>97,877,034</u>	<u>70,237,689</u>	<u>27,527,616</u>
Excess of Revenues over Expenditures	<u>976,401</u>	<u>(27,729,776)</u>	<u>12,665,546</u>	<u>40,395,322</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Asset Disposals	173,000	174,900	183,936	9,036
Transfers In	2,299,155	2,400,860	2,385,993	(14,867)
Transfers Out	(3,948,556)	(9,473,990)	(9,473,990)	-
Total Other Financing Sources (Uses)	<u>(1,476,401)</u>	<u>(6,898,230)</u>	<u>(6,904,061)</u>	<u>(5,831)</u>
Net Change in Fund Balance	<u>(500,000)</u>	<u>(34,628,006)</u>	<u>5,761,485</u>	<u>40,389,491</u>
Fund Balance - Beginning	45,106,941	45,106,941	45,106,941	-
Fund Balance - Ending	<u>\$ 44,606,941</u>	<u>\$ 10,478,935</u>	<u>\$ 50,868,426</u>	<u>\$ 40,389,491</u>

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, 2023

	Business-type Activities - Enterprise Funds					
	Water Fund Current Year	Water Fund Prior Year	Water Reclamation Fund Current Year	Water Reclamation Fund Prior Year	Storm Water Fund Current Year	Storm Water Fund Prior Year
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 30,701,371	\$ 29,013,216	\$ 20,173,183	\$ 16,894,625	\$ 11,104,863	\$ 9,628,212
Accounts Receivable (Net of Allowance for Doubtful Accounts)	2,073,271	2,703,846	1,506,198	1,342,120	546,353	546,553
Inventories	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Restricted Cash & Cash Equivalents:						
Debt Service	3,139,117	2,997,614	595,000	595,000	-	-
Capital Improvements	24,348,706	28,168,167	13,008,717	14,271,912	2,217,843	2,260,091
Total Current Assets	60,262,465	62,882,843	35,283,098	33,103,657	13,869,059	12,434,856
Noncurrent Assets:						
Capital Assets:						
Land	2,607,756	2,607,756	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	9,292,177	2,092,186	2,092,186	115,667	115,667
Machinery and Equipment	3,575,144	3,433,927	7,869,669	7,208,603	2,810,107	2,753,816
Infrastructure	68,847,841	68,199,287	55,745,044	53,576,444	23,993,074	23,280,545
Construction in Progress	13,764,349	3,465,946	4,252,978	4,343,543	1,291,966	129,796
Intangibles	997,276	997,276	195,900	195,900	206,514	21,514
Less Accumulated Depreciation	(41,022,332)	(38,493,900)	(38,709,283)	(37,036,714)	(11,929,992)	(10,999,769)
Total Capital Assets (Net of Accumulated Depreciation)	58,965,297	50,405,555	35,114,588	34,048,056	20,445,349	19,259,582
Pension Assets	-	460,692	-	1,139,943	-	478,140
Total Noncurrent Assets	58,965,297	50,866,247	35,114,588	35,187,999	20,445,349	19,737,722
Total Assets	119,227,762	113,749,090	70,397,686	68,291,656	34,314,408	32,172,578
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Debt Refundings	308,721	402,293	-	-	55,946	83,348
Pensions	151,298	164,681	173,655	407,490	162,262	170,917
Total Deferred Outflows of Resources	460,019	566,974	173,655	407,490	218,208	254,265
Total Assets & Deferred Outflows of Resources	\$ 119,687,781	\$ 114,316,064	\$ 70,571,341	\$ 68,699,146	\$ 34,532,616	\$ 32,426,843
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 2,209,332	\$ 1,155,309	\$ 251,805	\$ 1,157,939	\$ 411,582	\$ 34,873
Customer Deposits	115,041	115,771	-	-	-	-
Accrued Liabilities	54,735	38,465	292,145	197,972	24,253	16,631
Due to Other Funds	-	-	-	-	-	-
Accrued Vacation/PTO Leave	126,584	101,439	140,624	105,287	110,475	90,754
Claims and Judgments	-	-	-	-	-	-
Unearned Revenue	227,802	264,425	-	-	-	-
Accrued Interest Payable	497,087	520,023	131,565	135,117	44,434	50,358
Leases Payable - Current Portion	-	-	-	-	-	-
Bonds Payable - Current Portion	1,874,337	1,826,393	820,329	809,329	497,733	482,677
Total Current Liabilities	5,104,918	4,021,825	1,636,468	2,405,644	1,088,477	675,293
Noncurrent Liabilities:						
Accrued Vacation/PTO Leave	6,663	5,339	7,401	5,542	5,814	4,776
Claims and Judgments	-	-	-	-	-	-
Leases Payable - Long-term Portion	-	-	-	-	-	-
Bonds Payable - Long-term Portion	29,956,077	31,830,413	12,749,751	13,570,080	2,799,891	3,297,625
Pension Liabilities	167,092	-	191,781	-	179,200	-
Total Noncurrent Liabilities	30,129,832	31,835,752	12,948,933	13,575,622	2,984,905	3,302,401
Total Liabilities	35,234,750	35,857,577	14,585,401	15,981,266	4,073,382	3,977,694
DEFERRED INFLOWS OF RESOURCES						
Pensions	5,249	492,441	6,025	1,218,504	5,630	511,092
Total Deferred Inflows of Resources	5,249	492,441	6,025	1,218,504	5,630	511,092
NET POSITION						
Net Investment in Capital Assets	42,575,072	36,192,092	24,464,148	24,279,527	18,795,677	17,341,106
Restricted for Debt Service	3,139,117	2,997,614	595,000	595,000	-	-
Restricted for Capital Improvements	8,500,000	8,500,000	9,020,000	9,020,000	-	-
Restricted for Capital Improvements - Impact Fees	717,238	627,117	1,069,077	641,032	625,837	481,613
Restricted for Pensions	-	460,692	-	1,139,943	-	478,140
Unrestricted	29,516,355	29,188,531	20,831,690	15,823,874	11,032,090	9,637,198
Total Net Position	84,447,782	77,966,046	55,979,915	51,499,376	30,453,604	27,938,057
Total Liabilities, Deferred Inflows of Resources, & Net Position	\$ 119,687,781	\$ 114,316,064	\$ 70,571,341	\$ 68,699,146	\$ 34,532,616	\$ 32,426,843

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

Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities Internal Service Funds Current Year
\$ 4,534,124	\$ 4,576,819	\$ 66,513,541	\$ 60,112,872	\$ 4,986,079
683,198	592,637	4,809,020	5,185,156	860
-	-	-	-	371,945
-	-	-	-	19,417
-	-	3,734,117	3,592,614	-
-	-	39,575,266	44,700,170	-
5,217,322	5,169,456	114,631,944	113,590,812	5,378,301
39,822	39,822	6,496,507	6,496,507	-
1,509,500	1,509,500	6,189,764	6,189,764	150,000
399,238	399,238	11,899,268	11,899,268	61,199
244,162	146,127	14,499,082	13,542,473	812,830
4,650,230	3,958,579	153,236,189	149,014,855	-
164,147	-	19,473,440	7,939,285	-
-	-	1,399,690	1,214,690	88,548
(2,710,420)	(2,583,082)	(94,372,027)	(89,113,465)	(537,648)
4,296,679	3,470,184	118,821,913	107,183,377	574,929
-	1,029	-	2,079,804	-
4,296,679	3,471,213	118,821,913	109,263,181	574,929
9,514,001	8,640,669	233,453,857	222,853,993	5,953,230
-	-	364,667	485,641	-
6,037	370	493,252	743,458	296,323
6,037	370	857,919	1,229,099	296,323
\$ 9,520,038	\$ 8,641,039	\$ 234,311,776	\$ 224,083,092	\$ 6,249,553
\$ 624,975	\$ 392,193	\$ 3,497,694	\$ 2,740,314	\$ 106,732
-	-	115,041	115,771	-
89,003	61,166	460,136	314,234	77,770
-	-	-	-	165,510
13,984	9,352	391,667	306,832	189,239
-	-	-	-	504,569
876,483	935,873	1,104,285	1,200,298	-
-	-	673,086	705,498	-
-	-	-	-	16,971
-	-	3,192,399	3,118,399	-
1,604,445	1,398,584	9,434,308	8,501,346	1,060,791
736	492	20,614	16,149	9,958
-	-	-	-	1,193,994
-	-	-	-	93,505
-	-	45,505,719	48,698,118	-
6,667	-	544,740	-	327,254
7,403	492	46,071,073	48,714,267	1,624,711
1,611,848	1,399,076	55,505,381	57,215,613	2,685,502
210	1,100	17,114	2,223,137	10,281
210	1,100	17,114	2,223,137	10,281
4,296,679	3,470,184	90,131,576	81,282,909	464,453
-	-	3,734,117	3,592,614	-
-	-	17,520,000	17,520,000	-
-	-	2,412,152	1,749,762	-
-	1,029	-	2,079,804	-
3,611,301	3,769,650	64,991,436	58,419,253	3,089,317
7,907,980	7,240,863	178,789,281	164,644,342	3,553,770
\$ 9,520,038	\$ 8,641,039	\$ 234,311,776	\$ 224,083,092	\$ 6,249,553

City of Orem
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				
	Water Fund Current Year	Water Fund Prior Year	Water Reclamation Fund Current Year	Water Reclamation Fund Prior Year	Storm Water Fund Current Year
OPERATING REVENUES					
Charges for Services	\$ 16,492,095	\$ 15,888,234	\$ 12,251,765	\$ 12,536,692	\$ 5,618,931
Other Revenues	1,358,602	1,551,756	1,282,384	449,582	61,703
Total Operating Revenues	17,850,697	17,439,990	13,534,149	12,986,274	5,680,634
OPERATING EXPENSES					
Personnel Services	2,850,139	2,186,078	2,725,386	1,785,512	1,396,420
Supplies and Maintenance	1,046,651	1,163,483	812,305	755,194	306,430
Administrative Fee	1,586,361	1,448,462	915,866	851,767	394,680
Utilities	690,649	523,461	1,040,933	959,575	8,098
Contract Services	5,029,517	4,946,011	1,036,145	1,024,664	455,204
Equipment Lease and Rentals	49,726	31,517	2,147	3,033	582
Insurance	180,647	170,250	288,212	388,319	69,076
Charges in Lieu of Property Tax	71,787	71,787	52,665	52,665	29,316
Depreciation Expense	2,866,187	2,732,010	1,798,644	1,870,702	970,120
Miscellaneous	127,593	249,409	130,612	183,053	65,629
Total Operating Expenses	14,499,257	13,522,468	8,802,915	7,874,484	3,695,555
Operating Income (Loss)	3,351,440	3,917,522	4,731,234	5,111,790	1,985,079
NONOPERATING REVENUES AND EXPENSES					
Investment Earnings	2,550,140	368,948	670,683	78,316	382,524
Gain (Loss) on Sale of Capital Assets	27,055	226,917	8,995	90,808	-
Donations / Grants	1,629,595	378,813	-	-	-
Impact Fee Expenditures	(430,546)	(1,055,688)	(853,759)	(198,953)	(29,961)
Interest Expense	(910,373)	(963,322)	(227,044)	(236,333)	(96,886)
Total Nonoperating Revenues & Expenses	2,865,871	(1,044,332)	(401,125)	(266,162)	255,677
Income (Loss) before Transfers and Contributions	6,217,311	2,873,190	4,330,109	4,845,628	2,240,756
Contributions - Impact Fees & Developers	942,371	1,303,497	281,392	646,256	519,294
Investments - FMV Change	129,216	(246,667)	59,256	(117,932)	9,543
Transfers In	214,666	176,811	-	-	-
Transfers Out	(1,021,828)	(975,960)	(190,218)	(228,606)	(254,046)
Change in Net Position	6,481,736	3,130,871	4,480,539	5,145,346	2,515,547
Total Net Position - Beginning	77,966,046	74,835,175	51,499,376	46,354,030	27,938,057
Total Net Position - Ending	\$ 84,447,782	\$ 77,966,046	\$ 55,979,915	\$ 51,499,376	\$ 30,453,604

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
\$ 5,417,303	\$ 9,415,723	\$ 8,685,441	\$ 43,778,514	\$ 42,527,670	\$ 8,352,494
98,046	35,950	150,697	2,738,639	2,250,081	8,136
5,515,349	9,451,673	8,836,138	46,517,153	44,777,751	8,360,630
920,947	2,057,983	1,764,746	9,029,928	6,657,283	4,406,152
254,989	869,628	771,719	3,035,014	2,945,385	3,610,791
367,343	372,800	329,129	3,269,707	2,996,701	-
10,390	722,038	541,742	2,461,718	2,035,168	543,599
436,136	4,094,662	3,822,828	10,615,528	10,229,639	-
4,712	-	-	52,455	39,262	11,683
21,647	139,577	25,032	677,512	605,248	-
29,316	-	-	153,768	153,768	-
963,430	127,338	130,390	5,762,289	5,696,532	80,532
118,314	100,753	104,248	424,587	655,024	-
3,127,224	8,484,779	7,489,834	35,482,506	32,014,010	8,652,757
2,388,125	966,894	1,346,304	11,034,647	12,763,741	(292,127)
49,339	137,875	19,717	3,741,222	516,320	-
91,000	7,931	5,712	43,981	414,437	9,845
-	-	-	1,629,595	378,813	-
(23,788)	-	-	(1,314,266)	(1,278,429)	-
(110,015)	-	-	(1,234,303)	(1,309,670)	(1,356)
6,536	145,806	25,429	2,866,229	(1,278,529)	8,489
2,394,661	1,112,700	1,371,733	13,900,876	11,485,212	(283,638)
262,653	-	-	1,743,057	2,212,406	-
(16,940)	-	-	198,015	(381,539)	-
-	67,000	67,000	281,666	243,811	275,000
(327,733)	(512,583)	(516,314)	(1,978,675)	(2,048,613)	(124,013)
2,312,641	667,117	922,419	14,144,939	11,511,277	(132,651)
25,625,416	7,240,863	6,318,444	164,644,342	153,133,065	3,686,421
\$ 27,938,057	\$ 7,907,980	\$ 7,240,863	\$ 178,789,281	\$ 164,644,342	\$ 3,553,770

City of Orem
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			
	Water Fund Current Year	Water Fund Prior Year	Water Reclamation Fund Current Year	Water Reclamation Fund Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 18,444,649	\$ 17,274,781	\$ 13,370,071	\$ 12,954,273
Receipts from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(6,143,277)	(6,973,763)	(4,269,153)	(3,156,226)
Payments for Personnel	(2,653,425)	(2,508,076)	(2,240,937)	(2,056,626)
Payments for Interfund Services Used	(1,586,361)	(1,448,462)	(915,866)	(851,767)
Net Cash Provided (Used) by Operating Activities	8,061,586	6,344,480	5,944,115	6,889,654
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Donations / Grants	1,629,595	378,813	-	-
Investments - FMV Change	129,216	(246,667)	59,256	(117,932)
Transfers In	214,666	176,811	-	-
Transfers Out	(1,021,828)	(975,960)	(190,218)	(228,606)
Net Cash Provided (Used) by Noncapital Activities	951,649	(667,003)	(130,962)	(346,538)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(10,917,616)	(5,637,528)	(2,672,401)	(5,840,464)
Proceeds from Sales of Capital Assets	33,184	252,350	8,995	90,808
Receipts from Impact Fees Collected	422,179	988,527	88,617	558,476
Payments to Developers - Impact Fees	(430,546)	(1,055,688)	(853,759)	(198,953)
Proceeds from Leases	-	-	-	-
Principal paid on Outstanding Debt	(1,558,324)	(1,078,374)	(749,000)	(594,000)
Interest paid on Outstanding Debt	(1,102,055)	(889,354)	(290,925)	(211,273)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,553,178)	(7,420,067)	(4,468,473)	(6,195,406)
CASH FLOW FROM INVESTING ACTIVITIES				
Investment Earnings	2,550,140	368,948	670,683	78,316
Net Cash Provided (Used) by Investing Activities	2,550,140	368,948	670,683	78,316
Net Increase (Decrease) in Cash and Cash Equivalents	(1,989,803)	(1,373,642)	2,015,363	426,026
Cash and Cash Equivalents - Beginning of Year	60,178,997	61,552,639	31,761,537	31,335,511
Cash and Cash Equivalents - End of Year	\$ 58,189,194	\$ 60,178,997	\$ 33,776,900	\$ 31,761,537
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 3,351,440	\$ 4,296,335	\$ 4,731,234	\$ 5,111,790
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 2,866,187	\$ 2,732,010	\$ 1,798,644	\$ 1,870,702
(Increase) Decrease in Receivables	630,575	(197,054)	(164,078)	(32,001)
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Prepaids	-	-	-	-
(Increase) Decrease in Pension Assets	474,075	(496,033)	1,373,778	(1,323,346)
Increase (Decrease) in Accounts Payable	1,054,023	169,564	(906,134)	210,277
Increase (Decrease) in Customer Deposits	(730)	12,591	-	-
Increase (Decrease) in Accrued Liabilities	16,270	(91,989)	94,173	92,268
Increase (Decrease) in Unearned Revenue	(36,623)	31,845	-	-
Increase (Decrease) in Accrued Vacation/PTO Leave	26,469	(22,550)	37,196	(18,889)
Increase (Decrease) in Pension Liabilities	(320,100)	288,574	(1,020,698)	978,853
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	4,710,146	2,426,958	1,212,881	1,777,864
Net Cash Provided (Used) by Operating Activities	\$ 8,061,586	\$ 6,723,293	\$ 5,944,115	\$ 6,889,654
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets from Developers	\$ 520,192	\$ 314,970	\$ 192,775	\$ 87,780

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
\$ 5,680,834	\$ 5,483,948	\$ 9,301,722	\$ 8,843,570	\$ 46,797,276	\$ 44,556,572	\$ -
						8,360,630
(557,626)	(995,185)	(5,695,122)	(5,254,641)	(16,665,178)	(16,379,815)	(4,504,686)
(1,207,506)	(1,129,392)	(2,022,885)	(1,922,951)	(8,124,753)	(7,617,045)	(3,885,229)
(394,680)	(367,343)	(372,800)	(329,129)	(3,269,707)	(2,996,701)	-
3,521,022	2,992,028	1,210,915	1,336,849	18,737,638	17,563,011	(29,285)
-	-	-	-	1,629,595	378,813	-
9,543	(16,940)	-	-	198,015	(381,539)	-
-	-	67,000	67,000	281,666	243,811	275,000
(254,046)	(327,733)	(512,583)	(516,314)	(1,978,675)	(2,048,613)	(124,013)
(244,503)	(344,673)	(445,583)	(449,314)	130,601	(1,807,528)	150,987
(1,687,154)	(1,756,023)	(953,833)	(980,895)	(16,231,004)	(14,214,910)	(156,849)
27,192	99,517	7,931	5,712	77,302	448,387	9,845
23,369	153,313	-	-	534,165	1,700,316	-
(29,961)	(23,788)	-	-	(1,314,266)	(1,278,429)	-
-	-	-	-	-	-	105,817
(455,676)	(411,626)	-	-	(2,763,000)	(2,084,000)	(16,525)
(102,410)	(93,551)	-	-	(1,495,390)	(1,194,178)	(1,356)
(2,224,640)	(2,032,158)	(945,902)	(975,183)	(21,192,193)	(16,622,814)	(59,068)
382,524	49,339	137,875	19,717	3,741,222	516,320	-
382,524	49,339	137,875	19,717	3,741,222	516,320	-
1,434,403	664,536	(42,695)	(67,931)	1,417,268	(351,011)	62,634
11,888,303	11,223,767	4,576,819	4,644,750	108,405,656	108,756,667	4,923,445
\$ 13,322,706	\$ 11,888,303	\$ 4,534,124	\$ 4,576,819	\$ 109,822,924	\$ 108,405,656	\$ 4,986,079
\$ 1,985,079	\$ 2,388,125	\$ 966,894	\$ 1,346,304	\$ 11,034,647	\$ 13,142,554	\$ (292,127)
\$ 970,120	\$ 963,430	\$ 127,338	\$ 130,390	\$ 5,762,289	\$ 5,696,532	\$ 80,532
200	(31,401)	(90,561)	5,468	376,136	(254,988)	(860)
-	-	-	-	-	-	30,503
-	-	-	-	-	-	11,242
486,795	(572,915)	(4,638)	40,034	2,330,010	(2,352,260)	1,810,061
376,709	(119,681)	232,782	12,174	757,380	272,334	63,551
-	-	-	-	(730)	12,591	-
7,622	(36,619)	27,837	(93,660)	145,902	(130,000)	23,853
-	-	(59,390)	1,964	(96,013)	33,809	-
20,759	10,015	4,876	(41,619)	89,300	(73,043)	31,969
(326,262)	391,074	5,777	(64,206)	(1,661,283)	1,594,295	(1,321,107)
-	-	-	-	-	-	(466,902)
1,535,943	603,903	244,021	(9,455)	7,702,991	4,799,270	262,842
\$ 3,521,022	\$ 2,992,028	\$ 1,210,915	\$ 1,336,849	\$ 18,737,638	\$ 17,941,824	\$ (29,285)
\$ 495,925	\$ 109,340	\$ -	\$ -	\$ 1,208,892	\$ 512,090	\$ -

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2023

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, 2023

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. 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, 2023

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, 2023

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, 2023

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, 2023

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. Pension Assets

The 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. 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, 2023

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 ¹ / ₃
Machinery, Equipment, & Vehicles	5 - 20
Furniture and Equipment	5 - 20
Improvements other than Buildings	5 - 10

Subscription-based information technology arrangements (SBITA) are defined as a contract that conveys control of the right to use another party's software. This type of asset is recorded as an intangible asset and amortized over the shorter of the subscription term or the assets useful life. The City has no material SBITA contracts at the end of the current fiscal year.

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 paid time off (PTO) 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 PTO are 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 PTO for all governmental

City of Orem
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

9. Compensated Absences (continued)

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 and PTO. Traditional vacation employees also earn sick leave. 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. PTO plan employees also earn short-term medical leave (STML) bank hours but these hours are not paid out unless used and thus, no liability exists.

10. Pensions

For purposes of measuring the 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. Right to Use Liabilities

Leases

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.

City of Orem
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

11. Right to Use Liabilities (continued)

Leases (continued)

- 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.

Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contract that conveys control of the right to use another party's software. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements.

The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate as stated in the contract or by using the City's incremental borrowing rate if the interest rate is not readily determinable in the contract.

The City does not currently have any material SBITA contracts.

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

City of Orem
Notes to the Financial Statements
June 30, 2023

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 (continued)

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.

13. 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.

14. 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.

15. Contributions from Developers

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

E. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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.

City of Orem
Notes to the Financial Statements
June 30, 2023

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	\$ 359,263,126
Accumulated Depreciation	(160,572,385)
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position</i> - <i>governmental activities</i>	<u>\$ 198,690,741</u>

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, 2023 were as follows:

<u>Long-term Liability Type</u>	
General Obligation Bonds	\$ 26,630,000
Leases	4,116,384
Less: Internal Service Funds - Current Portion	(1,100)
Notes Payable	289,930
Bond Premiums Deferred	3,255,208
Compensated Absences	2,968,996
Less: Internal Service Funds - Current Portion	(189,239)
OPEB Liability	61,720
Other Long-term Liabilities (inc. Claims & Judgments)	1,698,563
Less: Internal Service Funds - Current Portion	(504,569)
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position</i> - <i>governmental activities</i>	<u>\$ 38,325,893</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

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

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:

Principal payments:	
General Obligation Bonds	\$ 1,025,000
Sales Tax Revenue Bonds	253,000
Leases	465,000
Notes Payable	50,000
Subtotal	<u>1,793,000</u>
Net adjustment to increase <i>net changes in fund balance</i> - total governmental funds to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,793,000</u>

3. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Between May 1st and June 30th, the City Council reviews and adjusts the proposed budget. On or before June 30th, 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 31st, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

City of Orem
Notes to the Financial Statements
June 30, 2023

3. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

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

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

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

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

Tax Revenues

Property taxes are collected by the Utah County Treasurer and remitted to the City in two to three installments in December, January, and a final settlement generally in March of the new calendar year.

Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond those received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

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

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

City of Orem
Notes to the Financial Statements
June 30, 2023

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 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, 2023, are as follows:

<u>Cash on Hand & On Deposit</u>	<u>Fair Value</u>
Cash on Hand	\$ 35,342
Cash on Deposit - Checking	15,726,553
Cash on Deposit - Payroll	50,000
Total Cash on Hand & On Deposit	<u>\$ 15,811,895</u>

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, 2023, \$17,162,314 of the City's bank balance of \$17,412,314 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2023, is \$15,811,895.

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

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

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 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
Debt Securities:				
Utah Public Treasurer's Investment Fund	\$ 194,881,906	\$ -	\$ 194,881,906	\$ -
Zions Bank Inst. Liquidity Management Fund	10,988,499	10,988,499	-	-
Moreton Asset Management Fund	12,394,336	12,394,336	-	-
Total Debt Securities	218,264,741	23,382,835	194,881,906	-
Total Investments by Fair Value Level	\$ 218,264,741	\$ 23,382,835	\$ 194,881,906	\$ -
Total Investments Measured at Fair Value	<u>\$ 218,264,741</u>			

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

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, 2023, fair value factor, as calculated by the Utah State Treasurer, to the City's ending balance in the Fund.

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, 2023, are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Debt Securities:					
Utah Public Treasurer's Investment Fund	\$ 194,881,906	\$ 194,881,906	\$ -	\$ -	\$ -
Zions Bank Inst. Liquidity Management Fund	10,988,499	2,504,315	8,484,184	-	-
Moreton Asset Management Fund	12,394,336	2,111,489	10,282,847	-	-
Total Debt Securities	<u>\$ 218,264,741</u>	<u>\$ 199,497,710</u>	<u>\$ 18,767,031</u>	<u>\$ -</u>	<u>\$ -</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

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, 2023, are presented below:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Debt Securities:					
Utah Public Treasurer's Investment Fund	\$ 194,881,906	\$ -	\$ -	\$ -	\$ 194,881,906
Zions Bank Inst. Liquidity Management Fund	10,988,499	5,727,745	750,203	3,766,711	743,840
Moreton Asset Management Fund	12,394,336	1,019,824	1,513,325	4,772,813	5,088,374
Total Debt Securities	<u>\$ 218,264,741</u>	<u>\$ 6,747,569</u>	<u>\$ 2,263,528</u>	<u>\$ 8,539,524</u>	<u>\$ 200,714,120</u>

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, 2023, 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 \$10,988,499 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 \$12,394,336 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.

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

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, 2023, were with the Utah PTIF and therefore, are not categorized as to concentration of credit risk.

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

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

B. External Investment Pools 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.

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

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

External Investment Pools (continued)

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 invested deposit plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair 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, 2023) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2023, the City had \$194,867,260 invested in the PTIF which had a fair value of \$194,881,906 for an unrealized gain of \$14,646.

The following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	31.04 %
Money Market Accounts and Certificates of Deposit	3.10 %
U.S. Government Securities	65.86 %
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, 2023

4. Detailed Notes for all Funds (continued)

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

Managed Investment Funds (continued)

As of June 30, 2023, the City had \$11,271,402 invested in the ILM which had a fair value of \$10,988,499 for an unrealized loss of \$282,903.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	38.82 %
Money Market Accounts and Certificates of Deposit	6.81 %
U.S. Government Securities	54.37 %
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, 2023, the City had \$12,750,111 invested in the Moreton Asset Management Fund which had a fair value of \$12,394,336 for an unrealized loss of \$355,775.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	23.46 %
Money Market Accounts and Certificates of Deposit	70.07 %
U.S. Government Securities	6.47 %
Total	100.00 %

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2023, as summarized below, has been shown in the government-wide Statement of Net Position as follows:

Housing Rehabilitation Loans	\$ 243,495
Business Development Loans	82,099
Total	<u>\$ 325,594</u>

E. Receivables

All receivables are expected to be collected within one year except for \$2,264,741 of leases receivable in the Capital Projects Fund and \$445,135 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, 2023, the various components of *deferred* and *unearned revenues* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes Receivable	\$ 10,991,913	\$ 10,991,913
Accounts, Notes & Leases Receivable	2,998,811	2,264,741
Donations and Other Funds to be Used for Specific Programs	-	14,169,563
Grant & Other Money Used in Revolving Loan Programs	325,594	-
Special Assessments not yet Due	37,942	-
Total Deferred & Unearned Revenues for Governmental Funds	<u>\$ 14,354,260</u>	<u>\$ 27,426,217</u>

Receivables as of June 30, 2023, 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, 2023

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	\$ 7,250,000	\$ -	\$ 7,250,000
Other Taxes	6,363,830	-	6,363,830
Special Assessments	37,660	-	37,660
Intergovernmental	1,102,877	-	1,102,877
Accounts	1,354,974	(2,301)	1,352,673
	<u>16,109,341</u>	<u>(2,301)</u>	<u>16,107,040</u>
Debt Service:			
Property Taxes	2,281,913	-	2,281,913
Notes Receivable	43,903,567	(43,903,567)	-
	<u>46,185,480</u>	<u>(43,903,567)</u>	<u>2,281,913</u>
Capital Projects:			
Leases Receivable	2,264,741	-	2,264,741
	<u>2,264,741</u>	<u>-</u>	<u>2,264,741</u>
Nonmajor Funds:			
Property Taxes	1,460,000	-	1,460,000
Other Taxes	1,058,067	-	1,058,067
Intergovernmental	63,012	-	63,012
Notes Receivable	574,039	(86,946)	487,093
Accounts	860	-	860
	<u>3,155,978</u>	<u>(86,946)</u>	<u>3,069,032</u>
Subtotal - Governmental Activities	<u>67,715,540</u>	<u>(43,992,814)</u>	<u>23,722,726</u>
<u>Business-type Activities</u>			
Water:			
Accounts	2,093,481	(20,210)	2,073,271
Water Reclamation:			
Accounts	1,518,482	(12,284)	1,506,198
Storm Water:			
Accounts	551,770	(5,417)	546,353
Nonmajor Funds:			
Accounts	689,371	(6,173)	683,198
Subtotal - Business-type Activities	<u>4,853,104</u>	<u>(44,084)</u>	<u>4,809,020</u>
Totals	<u>\$ 72,568,644</u>	<u>\$ (44,036,898)</u>	<u>\$ 28,531,746</u>

Leases Receivable

The City leases certain properties to third parties. As of June 30, 2023, 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, 2023

4. Detailed Notes for all Funds (continued)

E. 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 5% was applied. Detailed information related to each of these leases is as follows:

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 \$23,070 for the fiscal year ended June 30, 2023.

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 \$61,520 for the fiscal year ended June 30, 2023.

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, 2023.

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 \$32,327 for the fiscal year ended June 30, 2023.

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 \$27,345 for the fiscal year ended June 30, 2023.

On September 27, 2022, the City of Orem, as lessor, entered into a cell tower lease agreement with Verizon Wireless, the lessee, for property located at 1797 West 1000 South. The lease, including extensions, will end on May 25, 2048. The lease payment is due annually and the city received \$31,989 for the fiscal year ended June 30, 2023.

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 72,570,455	\$ 10,000	\$ -	\$ 72,580,455
Intangibles	88,548	-	-	88,548
Construction in Progress	1,825,892	11,547,408	(4,151,727)	9,221,573
Total Capital Assets, not being depreciated	74,484,895	11,557,408	(4,151,727)	81,890,576
Capital Assets, being depreciated:				
Buildings and Systems	70,499,665	647,738	(1,240)	71,146,163
Improvements other than Buildings	43,044,306	1,173,762	-	44,218,068
Machinery and Equipment	28,591,245	2,391,231	(1,611,587)	29,370,889
Infrastructure	128,868,445	3,768,985	-	132,637,430
Total Capital Assets, being depreciated	271,003,661	7,981,716	(1,612,827)	277,372,550
Less Accumulated Depreciation for:				
Buildings and Systems	(25,391,680)	(2,360,007)	1,240	(27,750,447)
Improvements other than Buildings	(28,155,069)	(1,470,162)	-	(29,625,231)
Machinery and Equipment	(18,568,261)	(2,189,497)	1,539,949	(19,217,809)
Infrastructure	(81,160,401)	(2,818,497)	-	(83,978,898)
Total Accumulated Depreciation	(153,275,411)	(8,838,163)	1,541,189	(160,572,385)
Total Capital Assets, being depreciated, net	117,728,250	(856,447)	(71,638)	116,800,165
Governmental Activities Capital Assets, net	\$ 192,213,145	\$ 10,700,961	\$ (4,223,365)	\$ 198,690,741

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
<u>Business-type Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 6,496,507	\$ -	\$ -	\$ 6,496,507
Intangibles	1,214,690	185,000	-	1,399,690
Construction in Progress	7,939,285	14,070,241	(2,536,086)	19,473,440
Total Capital Assets, not being depreciated	15,650,482	14,255,241	(2,536,086)	27,369,637
Capital Assets, being depreciated:				
Buildings and Systems	6,189,764	-	-	6,189,764
Improvements other than Buildings	11,899,268	-	-	11,899,268
Machinery and Equipment	13,542,473	1,499,406	(542,797)	14,499,082
Infrastructure	149,014,855	4,221,334	-	153,236,189
Total Capital Assets, being depreciated	180,646,360	5,720,740	(542,797)	185,824,303
Less Accumulated Depreciation for:				
Buildings and Systems	(5,564,052)	(58,840)	-	(5,622,892)
Improvements other than Buildings	(8,072,537)	(536,579)	-	(8,609,116)
Machinery and Equipment	(9,022,353)	(992,391)	503,727	(9,511,017)
Infrastructure	(66,454,523)	(4,174,479)	-	(70,629,002)
Total Accumulated Depreciation	(89,113,465)	(5,762,289)	503,727	(94,372,027)
Total Capital Assets, being depreciated, net	91,532,895	(41,549)	(39,070)	91,452,276
Business-type Activities Capital Assets, net	\$ 107,183,377	\$ 14,213,692	\$ (2,575,156)	\$ 118,821,913

City of Orem
Notes to the Financial Statements
June 30, 2023

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	\$ 320,891
Public Safety	1,720,273
Highway and Streets	3,903,306
Parks, Recreation and Arts	2,584,381
Redevelopment	100,021
Economic and Physical Development	128,759
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	80,532
Subtotal - Governmental Activities	8,838,163
<u>Business-type Activities</u>	
Water	2,866,187
Water Reclamation	1,798,644
Storm Water	970,120
Recreation	21,424
Street Lighting	105,914
Subtotal - Business-type Activities	5,762,289
Total Depreciation Expense	<u>\$ 14,600,452</u>

Construction Commitments

The City has active construction projects as of June 30, 2023. The projects include street lighting, widening and reconstruction 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:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Water Systems Improvements	\$ 14,915,811	\$ 37,370,409
Street Construction and Improvements	4,016,227	4,753,099
Public Facility Construction & Improvements	3,007,952	25,747,786
Park and Recreation Improvements	5,404,019	11,160,849
Water Reclamation Improvements	5,065,788	12,338,512
Storm Water Improvements	2,030,740	5,368,278
Total	<u>\$ 34,440,537</u>	<u>\$ 96,738,933</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

G. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2023, 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	Facilities Maint. Fund	
Major Funds:							
General	\$ -	\$ 3,948,555	\$ 5,250,435	\$ -	\$ -	\$ 275,000	\$ 9,473,990
Water	1,021,828	-	-	-	-	-	1,021,828
Water Relmnt	54,799	-	-	135,419	-	-	190,218
Storm Water	174,799	-	-	79,247	-	-	254,046
Nonmajor Governmental Funds:							
CARE Tax	46,200	-	-	-	-	-	46,200
Redevelopment	640,952	-	-	-	-	-	640,952
Orem Fndtn Tr.	12,000	-	200,000	-	67,000	-	279,000
Community Dev.	87,206	-	-	-	-	-	87,206
Nonmajor Enterprise Funds:							
Recreation	72,536	-	-	-	-	-	72,536
Solid Waste	74,421	-	-	-	-	-	74,421
Sreet Lighting	77,239	288,387	-	-	-	-	365,626
Internal Service Funds:							
Fleet Maint.	71,013	-	-	-	-	-	71,013
Self Insurance	53,000	-	-	-	-	-	53,000
Total	<u>\$ 2,385,993</u>	<u>\$ 4,236,942</u>	<u>\$ 5,450,435</u>	<u>\$ 214,666</u>	<u>\$ 67,000</u>	<u>\$ 275,000</u>	<u>\$ 12,630,036</u>

H. Jointly Governed Organizations

The City in conjunction with other governmental entities, jointly governs several organizations. Each organization's board is comprised of one member from each participating entity. 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, 2023

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

with URMA. During the year ended June 30, 2023, the City paid premiums of approximately \$264,000 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, 2023, the City paid solid waste tipping fees of approximately \$1,187,000 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, 2023, the City paid participation fees of approximately \$181,000 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, 2023, the City paid UTOPIA approximately \$31,000 in customer service fees. The City also paid \$3,422,443 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, 2023

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

June 30, 2023, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$60,000 to UIA.

I. Lease Purchase Financing Debt

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, 2023:

Year ending June 30,	Governmental Activities
2024	\$ 594,297
2025	595,428
2026	572,582
2027	556,915
2028	557,380
2029-2033	1,677,500
2034-2038	6,900
2039-2043	934
Total minimum lease payments	4,561,936
Less: Amount representing interest	(355,460)
Present value of net minimum lease payments	<u>\$ 4,206,476</u>

Equipment and related accumulated depreciation under leases is as follows:

	Governmental Activities
Cost of Equipment	\$ 6,331,185
Accumulated Depreciation	(1,384,164)
Difference	<u>\$ 4,947,021</u>

J. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. All general obligation bonds issued are for governmental activities. The original amount of general obligation bonds issued in prior years was \$34,145,000.

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2023, are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2014 Road Construction-Refunding	0.25% to 3.00%	\$ 2,130,000
2019 Public Facilities Construction	3.625% to 5.00%	24,500,000
Total		<u>\$ 26,630,000</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	
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	520,000	1,129,113	1,649,113
2029-2033	3,265,000	5,232,862	8,497,862
2034-2038	4,650,000	4,277,813	8,927,813
2039-2043	6,495,000	2,894,437	9,389,437
2044-2048	8,650,000	1,002,981	9,652,981
Totals	<u>\$ 26,630,000</u>	<u>\$ 19,300,907</u>	<u>\$ 45,930,907</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 167.

The City has the following revenue bonds outstanding at June 30, 2023:

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

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, 2023, is \$508,000.

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, 2023, is \$3,941,000.

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, 2023, is \$3,980,000.

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, 2023, is \$28,670,000.

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

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, 2023, is \$5,355,000.

Revenue bonds currently outstanding at June 30, 2023, are as follows:

Purpose	Interest Rates	Amount
Business-type Activities:		
Water	1.48%-5.00%	\$ 27,332,977
Wastewater Treatment	0.00%-5.00%	12,180,000
Storm Water	1.48%-5.00%	2,941,023
		<u>42,454,000</u>
Total		<u>\$ 42,454,000</u>

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

Year Ended June 30,	Business-type Activities		Totals
	Principal	Interest	
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	3,140,000	1,108,850	4,248,850
2029-2033	7,630,000	4,605,325	12,235,325
2034-2038	5,930,000	3,447,400	9,377,400
2039-2043	7,245,000	2,133,900	9,378,900
2044-2048	6,930,000	568,000	7,498,000
Totals	<u>\$ 42,454,000</u>	<u>\$ 17,139,746</u>	<u>\$ 59,593,746</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Notes Payable

HUD Section 108 Loan

In November of 2005, the City entered into a loan agreement with the Department of Housing and Urban Development (HUD) in the amount of \$1,320,000 to promote, facilitate, and encourage industrial and business development within the City. The terms of the loan agreement require principal payable annually commencing in August 2006 and interest payable semi-annually in February and August through August 2025. The interest rate is variable. Outstanding principal at June 30, 2023, is \$289,930.

Notes payable currently outstanding at June 30, 2023, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan -		
Economic Development	Variable	\$ 289,930
Total		<u>\$ 289,930</u>

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

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2024	\$ 95,000	\$ 6,516	\$ 101,516
2025	95,000	4,005	99,005
2026	99,930	1,369	101,299
Totals	<u>\$ 289,930</u>	<u>\$ 11,890</u>	<u>\$ 301,820</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Changes in Long-term Liabilities

Changes in bonds payable, deferred items, lease purchase financing debt, and compensated absences during the fiscal year ended June 30, 2023, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
General Obligation Bonds	\$ 27,655,000	\$ -	\$ (1,025,000)	\$ 26,630,000	\$ 1,050,000
Revenue Bonds	253,000	-	(253,000)	-	-
Plus Issuance Premiums	3,462,580	-	(207,372)	3,255,208	198,710
Total Bonds Payable	31,370,580	-	(1,485,372)	29,885,208	1,248,710
Notes Payable	339,930	-	(50,000)	289,930	95,000
Lease Purchase Financing	4,582,184	105,817	(481,525)	4,206,476	490,971
Compensated Absences	2,597,198	561,752	(189,955)	2,968,995	2,820,547
Pension Liabilities	-	5,579,777	-	5,579,777	-
Other Long-term Liabilities	2,226,844	145,736	(612,297)	1,760,283	505,444
Governmental Activities					
Long-term Liabilities	<u>\$ 41,116,736</u>	<u>\$ 6,393,082</u>	<u>\$ (2,819,149)</u>	<u>\$ 44,690,669</u>	<u>\$ 5,160,672</u>
<u>Business-type Activities</u>					
Bonds Payable:					
Revenue Bonds	\$ 45,217,000	\$ -	\$ (2,763,000)	\$ 42,454,000	\$ 2,837,000
Plus Issuance Premiums	6,599,518	-	(355,400)	6,244,118	355,399
Total Bonds Payable	51,816,518	-	(3,118,400)	48,698,118	3,192,399
Compensated Absences	322,981	116,004	(26,704)	412,281	391,667
Pension Liabilities	-	544,740	-	544,740	-
Business-type Activities					
Long-term Liabilities	<u>\$ 52,139,499</u>	<u>\$ 660,744</u>	<u>\$ (3,145,104)</u>	<u>\$ 49,655,139</u>	<u>\$ 3,584,066</u>

Compensated Absences

The City operates two compensated absence plans. A traditional vacation plan and a new hybrid paid time off (PTO) plan. New employees were automatically enrolled in the PTO plan as of May 1, 2023. All existing employees as of that date were given the option to stay on the traditional plan or convert to the new PTO plan. Employees electing to convert to the new PTO plan were converted on June 25, 2023.

Employees in the traditional vacation plan earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to 336 hours of earned vacation. Employees in this plan may also accumulate an unlimited number of sick hours but these hours are not paid out upon termination.

Employees in the PTO plan earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to 336 hours of earned

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Compensated Absences (continued)

PTO. Employees in this plan also accumulate hours in a short-term medical leave (STML) bank but these hours are not paid out upon termination.

Amounts of vacation and PTO vested and not paid have been accrued as a liability at June 30, 2023. The General Fund has typically been used in prior years to liquidate this liability for governmental funds.

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, 2023

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 and categories for all governmental funds for the fiscal year ended June 30,

City of Orem
Notes to the Financial Statements
June 30, 2023

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

2023. The governmental fund balance classifications and categories at the end of the current fiscal year are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds ¹	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Prepays	\$ 34,497	\$ -	\$ -	\$ -	\$ 34,497
	<u>34,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,497</u>
Restricted:					
Class "C" Roads	6,375,856	-	-	-	6,375,856
Utopia DSR Pledge	3,490,893	-	-	-	3,490,893
Task Force	2,418,375	-	-	-	2,418,375
Parks, Rec., & Arts	-	-	-	4,593,924	4,593,924
Fitness Center/Scera Pool	-	-	-	586,021	586,021
Hillcrest/Lakeside Parks	-	-	-	2,456,694	2,456,694
City Center Facility	-	-	-	350,000	350,000
Street Improvements	-	-	-	5,499,846	5,499,846
Capital Improvements	-	-	-	14,736	14,736
Public Safety	25,000	-	-	468,895	493,895
Redevelopment	-	-	-	5,062,699	5,062,699
Community Dev.	-	-	-	520,333	520,333
	<u>12,310,124</u>	<u>-</u>	<u>-</u>	<u>19,553,148</u>	<u>31,863,272</u>
Assigned:					
Vehicles	879,555	-	-	-	879,555
Public Safety Equip.	1,621,037	-	88,916	-	1,709,953
Public Safety Oper.	170,531	-	-	-	170,531
Fire - Vineyard Station	3,483,901	-	-	-	3,483,901
Library Equipment	169,032	-	141,012	-	310,044
Library Operations	89,034	-	-	-	89,034
Economic Dev. Funds	292,234	-	-	-	292,234
City Manager Oper.	120,490	-	-	-	120,490
Finance Operations	96,908	-	-	-	96,908
Recreation Operations	5,998	-	-	-	5,998
Public Works Equip.	12,501	-	-	-	12,501
Public Works Oper.	193,284	-	-	-	193,284
Facility Improvements	-	-	634,202	-	634,202
CARES Act Funds	3,239,295	-	-	-	3,239,295
Street/Street Light Imp.	-	-	2,363,912	-	2,363,912
Park Improvements	-	-	2,354,200	-	2,354,200
Fitness Center & Equip.	-	-	555,885	-	555,885
City Center Facility	-	-	20,623,701	-	20,623,701
Debt Service	-	1,191,873	-	-	1,191,873
Community Programs	127,851	-	-	368	128,219
Murdock Canal	96,554	-	-	-	96,554
Capital Improvements	465,606	-	134,270	58,034	657,910
Senior Citizen Programs	-	-	-	336,436	336,436
	<u>11,063,811</u>	<u>1,191,873</u>	<u>26,896,098</u>	<u>394,838</u>	<u>39,546,620</u>
Unassigned	<u>27,459,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,459,994</u>
Total Fund Balances	<u>\$ 50,868,426</u>	<u>\$ 1,191,873</u>	<u>\$ 26,896,098</u>	<u>\$ 19,947,986</u>	<u>\$ 98,904,383</u>

¹ See pages 116-117 for a breakdown by individual fund

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2023, the outstanding recapture program liability is \$1,312,515. This liability is presented in the changes in long-term liabilities table (page 85) 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, 2023, the estimated reserves liability is \$386,048. This liability is presented in the changes in long-term liabilities table (page 85) 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, 2022 and 2023 is as follows:

Year ended June 30,	2022	2023
Claim liability, beginning of year	\$ 244,524	\$ 440,504
Claims incurred during the year	-	-
Changes in estimates of claims of prior periods	249,364	69,786
Payments on claims during the year	(53,384)	(124,242)
Claim liability, end of year	<u>\$ 440,504</u>	<u>\$ 386,048</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, 2023

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 2004 and again in 2008, UTOPIA issued revenue bonds to fund operations of the network. The net revenues from the communication network were to be used to reimburse a debt service reserve fund for payments on the bond debt. To the extent that there were insufficient net revenues to pay the debt service, the eleven pledged members would be 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.

In 2008, UTOPIA's net revenues were insufficient to reimburse the debt service fund on their existing revenue bond debt. At that time, the eleven pledged members were required to make their respective share pledge payments to the debt service reserve fund on behalf of UTOPIA. The City has been reimbursing its share of the pledge annually to the debt service reserve fund since this time.

The City's liability limit (pledge) for the current fiscal year was set at a maximum of \$3,490,893. 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 is \$69,520,326.

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.

City of Orem
Notes to the Financial Statements
June 30, 2023

5. Other Information (continued)

B. Contingent Liabilities (continued)

Utah Infrastructure Agency (UIA) (continued)

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.

UIA has issued multiple revenue bonds since its inception in 2011. Service fee revenues from the UIA network are currently being 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 would be 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 2023.

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.

City of Orem
Notes to the Financial Statements
June 30, 2023

5. Other Information (continued)

C. Pension Plans (continued)

General Information and Plan Description (continued)

- 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.

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, 2023

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, 2023

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, 2023 are as follows:

<u>Retirement System</u>	<u>Employee Paid</u>	<u>Employer Paid for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
<u>Noncontributory System</u>				
Local Governmental - Tier 1	N/A	N/A	17.97%	N/A
<u>Contributory System</u>				
Local Governmental - Tier 1	6.00%	N/A	13.96%	N/A
Local Governmental - Tier 2	N/A	N/A	16.01%	0.18%
<u>Public Safety System</u>				
Noncontributory - Tier 1	N/A	N/A	37.97%	N/A
Contributory (74) - Tier 1	10.50%	N/A	27.98%	N/A
Contributory (122) - Tier 2	N/A	2.59%	29.02%	N/A
<u>Firefighters System</u>				
Division B - Tier 1	N/A	16.71%	6.24%	N/A
Division B - Tier 2	N/A	2.59%	14.08%	N/A
<u>Tier 2 DC Only</u>				
Local Governmental	N/A	N/A	6.19%	10.00%
Public Safety	N/A	N/A	15.02%	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, 2023

5. Other Information (continued)

C. Pension Plans (continued)

Contributions (continued)

For the fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

<u>Retirement System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,625,680	N/A
Contributory System	51,750	22,242
Public Safety System	1,437,164	-
Firefighters System	184,404	493,812
Tier 2 Public Employees System	1,128,923	-
Tier 2 Public Safety and Firefighter System	1,310,712	145,595
Tier 2 DC Only	105,197	N/A
Tier 2 DC Public Safety & Firefighter System	37,870	N/A
Total Contributions	<u>\$ 5,881,700</u>	<u>\$ 661,649</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, 2023, the City had a total pension asset of \$4,552,561 and a total pension liability of \$6,124,517.

<u>Retirement System</u>	<u>Proportionate Share</u>	<u>Pension Asset</u>	<u>Pension Liability</u>
Noncontributory System	1.1185100%	\$ -	\$ 1,915,727
Contributory System	2.8741268%	-	295,597
Public Safety System	7.4062483%	-	3,441,499
Firefighters System	3.6168934%	4,552,561	-
Tier 2 Public Employees System	0.3065277%	-	333,776
Tier 2 Public Safety and Firefighter System	1.6532103%	-	137,918
Total Pension Asset / Liability		<u>\$ 4,552,561</u>	<u>\$ 6,124,517</u>

The pension assets and liabilities were measured as of December 31, 2022, and the total pension liability used to calculate the total pension asset and liability was determined by an actuarial valuation as of January 1, 2022, and rolled forward using generally accepted actuarial procedures. The proportion

City of Orem
Notes to the Financial Statements
June 30, 2023

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 total 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, 2023, the City had pension expenses of \$4,198,321. The following table details this total pension expense by retirement system:

Retirement System	Pension Expense
Noncontributory System	\$ 860,837
Contributory System	774,389
Public Safety System	2,078,177
Firefighters System	(752,596)
Tier 2 Public Employees System	639,196
Tier 2 Public Safety & Firefighter System	598,318
Total	<u>\$ 4,198,321</u>

At June 30, 2023, 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	\$ 649,786	\$ -
Contributory System	-	-
Public Safety System	1,187,685	-
Firefighters System	219,255	5,842
Tier 2 Public Employees System	112,737	13,243
Tier 2 Public Safety & Firefighter System	66,530	45,736
	<u>2,235,993</u>	<u>64,821</u>
Changes in assumptions:		
Noncontributory System	313,962	7,650
Contributory System	-	-
Public Safety System	254,108	28,050
Firefighters System	314,891	-
Tier 2 Public Employees System	108,360	849
Tier 2 Public Safety & Firefighter System	87,223	13,814
	<u>1,078,544</u>	<u>50,363</u>

(table continues on next page)

City of Orem
Notes to the Financial Statements
June 30, 2023

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	1,263,632	-
Contributory System	88,124	-
Public Safety System	973,994	-
Firefighters System	776,584	-
Tier 2 Public Employees System	134,568	-
Tier 2 Public Safety & Firefighter System	143,095	-
	<u>3,379,997</u>	<u>-</u>
Changes in proportion and difference between contributions and proportionate share of contributions:		
Noncontributory System	-	23,233
Contributory System	-	-
Public Safety System	81,603	29,817
Firefighters System	46,615	323
Tier 2 Public Employees System	52,353	12,872
Tier 2 Public Safety & Firefighter System	27,881	17,148
	<u>208,452</u>	<u>83,393</u>
Contributions subsequent to the measurement date:		
Noncontributory System	788,655	-
Contributory System	26,223	-
Public Safety System	725,705	-
Firefighters System	91,662	-
Tier 2 Public Employees System	602,979	-
Tier 2 Public Safety & Firefighter System	706,640	-
	<u>2,941,864</u>	<u>-</u>
Total Deferred Outflows / Inflows of Resources:		
Noncontributory System	3,016,035	30,883
Contributory System	114,347	-
Public Safety System	3,223,095	57,867
Firefighters System	1,449,007	6,165
Tier 2 Public Employees System	1,010,997	26,964
Tier 2 Public Safety & Firefighter System	1,031,369	76,698
	<u>\$ 9,844,850</u>	<u>\$ 198,577</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2022, are reported as deferred outflows of resources related to pensions in the amount of \$2,941,863 (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:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (415,843)
2024	454,051
2025	1,380,799
2026	5,074,659
2027	36,327
Thereafter	174,417

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
2023	\$ (299,539)	\$ (250,168)	\$ 455,636	\$ (352,937)	\$ 18,467	\$ 12,698
2024	47,926	(74,748)	307,459	105,992	39,669	27,753
2025	507,552	67,772	361,074	336,549	63,432	44,420
2026	1,940,557	345,268	1,315,353	1,261,576	120,794	91,111
2027	-	-	-	-	28,105	8,222
Thereafter	-	-	-	-	110,588	63,829

Actuarial Assumptions

The total pension liability in the December 31, 2022, 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, 2023

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, 2020. 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, 2022, valuation were based on the results of an actuarial experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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	35%	6.58%	2.30%
Debt Securities	20%	1.08%	0.22%
Real Assets	18%	5.72%	1.03%
Private Equity	12%	9.80%	1.18%
Absolute Return	15%	2.91%	0.44%
Cash and Cash Equivalents	0%	-0.11%	0.00%
Totals	100%		5.17%
Inflation			2.50%
Expected Arithmetic Nominal Return			7.67%

City of Orem
Notes to the Financial Statements
June 30, 2023

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.

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

The proportionate share of the total 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:

	1.00% Decrease (5.85%)	Discount Rate (6.85%)	1.00% Increase (7.85%)
Retirement System			
Noncontributory System	\$ 12,073,552	\$ 1,915,727	\$ (6,571,671)
Contributory System	1,516,461	295,597	(740,568)
Public Safety System	11,356,992	3,441,499	(3,014,948)
Firefighters System	1,414,766	(4,552,561)	(9,452,723)
Tier 2 Public Employees System	1,458,419	333,776	(532,618)
Tier 2 Public Safety & Firefighter System	1,103,995	137,918	(629,883)
Total	<u>\$ 28,924,185</u>	<u>\$ 1,571,956</u>	<u>\$ (20,942,411)</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).

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, 2023

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, 2023, was \$37,687,440. The City's expense for this plan for the year ended June 30, 2023 was approximately \$302,000 or 0.80% 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	2023	2022	2021
Employer Contributions	\$ 288,413	\$ 297,360	\$ 274,072
Employee Contributions	\$ -	\$ -	\$ -

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2023, was \$37,687,440. The City's expense for this plan for the year ended June 30, 2023, was approximately \$1,464,000 or 3.89% 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:

Contribution Type	2023	2022	2021
Employer Contributions	\$ 154,633	\$ 127,147	\$ 103,249
Employee Contributions	\$ 186,081	\$ 158,445	\$ 133,345

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, 2023

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, 2023, 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, 2023, total plan premiums paid were \$16,819. The City contributed \$3,432 (20.41% of total premiums) and retiree plan members receiving benefits contributed \$13,387 (79.59% 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 \$61,720 was determined by an actuarial valuation as of January 1, 2022, and measurement date of December 31, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022, 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	3.65%
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, 2023.

City of Orem
Notes to the Financial Statements
June 30, 2023

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, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2022 to December 31, 2022.

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, 2022	\$ 61,379
Changes for the Year:	
Service Cost	-
Interest on Total OPEB Liability	1,255
Effect of Economic/Demographic Gains/Losses	-
Changes in Assumptions or Other Inputs	(39)
Expected Benefit Payments	(875)
Net Changes	341
Total OPEB Liability as of December 31, 2022	\$ 61,720

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 3.65%, 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 (2.65%) or 1.00% higher (4.65%) than the current rate:

	1.00% Decrease (2.65%)	Discount Rate (3.65%)	1.00% Increase (4.65%)
Total OPEB Liability at December 31, 2022	\$ 61,743	\$ 61,720	\$ 61,698

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, 2023

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 December 31, 2022	\$ 61,407	\$ 61,720	\$ 62,034

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

For the year ended June 30, 2023, the City had OPEB expenses of \$1,529.

The following table details this total OPEB expense:

Description	OPEB Expense
Service Cost	\$ -
Interest on Total OPEB Liability	1,255
Effect of Plan Changes	-
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains/Losses	9,533
Recognition of Assumption Changes or Inputs	(9,259)
Total	<u>\$ 1,529</u>

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

At June 30, 2023, 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	\$ -	\$ -
Changes in assumptions	-	-
Total OPEB Deferred Outflows / Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>

City of Orem
Notes to the Financial Statements
June 30, 2023

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	\$ -
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, 2023, 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	\$ -	-
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	-	-
Orem 90-08: 800 North and State Street Economic Zone	126,438	55,258
Orem CDA: University Place	1,320,886	183,191
Total	<u>\$ 1,447,324</u>	<u>\$ 238,449</u>
Outstanding Loans to Finance RDA Projects	<u>\$ -</u>	

City of Orem
Notes to the Financial Statements
June 30, 2023

5. Other Information (continued)

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

During the year ending June 30, 2023, the RDA expended monies in the categories below as follows:

Economic Development	\$	1,190,792
Capital Outlay		88,600
Total	\$	<u>1,279,392</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
2023	\$ 1,188,797
2022	1,119,739
2021	1,034,885
2020	872,923
2019	805,299

REQUIRED SUPPLEMENTARY INFORMATION

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

System	Proportion of the Total Pension Liability / Asset	Proportionate Share of the Total Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Total Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Total Position as a % of the Total Pension Liability/Asset
<u>Noncontributory System</u>					
As of December 31, 2022	1.1185100%	\$ 1,915,727	\$ 9,444,708	20.3%	97.5%
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, 2022	2.8741268%	\$ 295,597	\$ 402,676	73.4%	97.7%
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, 2022	7.4062483%	\$ 3,441,499	\$ 3,893,775	88.4%	93.7%
As of December 31, 2021	7.7844955%	\$ (2,787,789)	\$ 3,642,118	-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	\$ 4,048,837	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, 2022	3.6168934%	\$ (4,552,561)	\$ 3,225,346	-141.1%	110.3%
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%

(continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION

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

System	Proportion of the Total Pension Liability / Asset	Proportionate Share of the Total Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Total Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Total Position as a % of the Total Pension Liability/Asset
<u>Tier 2 Public Employees System</u>					
As of December 31, 2022	0.3065277%	\$ 333,776	\$ 6,684,671	5.0%	92.3%
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%	\$ (665)	\$ 1,673,317	0.0%	100.2%
As of December 31, 2014	0.1982677%	\$ (6,008)	\$ 972,771	-0.6%	103.5%
<u>Tier 2 Public Safety and Firefighters System</u>					
As of December 31, 2022	1.6532103%	\$ 137,918	\$ 5,086,575	2.7%	96.4%
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%
Total - As of December 31, 2022		\$ 1,571,956	\$ 28,737,751	5.5%	
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%	

¹ In accordance with paragraph 81.a of GASB 68, the City will need to disclose a ten (10) year history of their proportionate share of the Total 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 ¹

System	Contributions in relation to the				Contribution as a % of Covered Payroll ²	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll		
<u>Noncontributory System</u>						
As of June 30, 2023	\$ 1,625,680	\$ 1,625,680	\$ -	\$ 9,306,263	17.47%	
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, 2023	\$ 51,750	\$ 51,750	\$ -	\$ 370,703	13.96%	
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, 2023	\$ 1,437,164	\$ 1,437,164	\$ -	\$ 3,899,242	36.86%	
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, 2023	\$ 184,404	\$ 184,404	\$ -	\$ 3,204,436	5.75%	
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, 2023	\$ 1,128,923	\$ 1,128,923	\$ -	\$ 7,051,344	16.01%	
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%	

(continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION

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

System	Contractually Required Contribution	Contributions in relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll ²
Tier 2 Public Safety & Firefighters System *					
As of June 30, 2023	\$ 1,310,712	\$ 1,310,712	\$ -	\$ 5,621,663	23.32%
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%
Tier 2 Public Employees DC Only System *					
As of June 30, 2023	\$ 105,197	\$ 105,197	\$ -	\$ 1,620,459	6.49%
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%
Tier 2 Public Safety & Firefighter DC Only System *					
As of June 30, 2023	\$ 37,870	\$ 37,870	\$ -	\$ 360,149	10.52%
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%
Total - As of June 30, 2023	\$ 5,881,700	\$ 5,881,700	\$ -	\$ 31,434,259	18.71%
Total - As of June 30, 2022	\$ 5,585,136	\$ 5,585,136	\$ -	\$ 29,157,589	19.15%
Total - As of June 30, 2021	\$ 5,120,633	\$ 5,120,633	\$ -	\$ 27,157,040	18.86%
Total - As of June 30, 2020	\$ 4,735,861	\$ 4,735,861	\$ -	\$ 25,792,310	18.36%
Total - As of June 30, 2019	\$ 4,622,823	\$ 4,622,823	\$ -	\$ 24,853,145	18.60%
Total - As of June 30, 2018	\$ 4,530,761	\$ 4,530,761	\$ -	\$ 24,314,300	18.63%
Total - As of June 30, 2017	\$ 4,243,468	\$ 4,243,468	\$ -	\$ 22,717,186	18.68%
Total - As of June 30, 2016	\$ 4,163,123	\$ 4,163,123	\$ -	\$ 21,987,340	18.93%
Total - As of June 30, 2015	\$ 4,008,367	\$ 4,008,367	\$ -	\$ 20,945,985	19.14%
Total - As of June 30, 2014	\$ 3,777,912	\$ 3,777,912	\$ -	\$ 20,865,939	18.11%

* 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.

¹ 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.

² 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 ¹

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total OPEB Liability					
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)
Total OPEB Liability - Beginning	\$ 250,771	\$ 166,530	\$ 156,530	\$ 157,627	\$ 89,063
Total OPEB Liability - Ending	\$ 166,530	\$ 156,530	\$ 157,627	\$ 89,063	\$ 61,379
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

	FY 2023
Total OPEB Liability	
Service Cost	\$ -
Interest on Total OPEB Liability	1,255
Changes of Benefit Terms	-
Effect of Economic/Demographic Gains or Losses	-
Changes in Assumptions or Other Inputs	(39)
Expected Benefit Payments	(875)
Net Change in Total OPEB Liability	341
Total OPEB Liability - Beginning	\$ 61,379
Total OPEB Liability - Ending	\$ 61,720
Covered-Employee Payroll	N/A
Total OPEB Liability as a % of Covered-Employee Payroll	N/A

¹ 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, 2023**

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

No changes were made in actuarial assumptions from the prior year's valuation.

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 3.65% (from 2.06%) 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, 2023

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele- Communication Billing Fund	Transportation Sales Tax Fund
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 44,370	\$ -
Accounts Receivable	-	-	-	-	-
Intergovernmental Receivables	-	-	-	-	-
Notes Receivable	-	-	-	161,497	-
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	3,451,121	3,451,121	2,069,451	-	2,816,080
Other Purposes	-	-	3,572,239	-	1,165,846
Restricted Receivables:					
Capital Improvement Projects	-	-	-	-	-
Other Purposes	-	-	549,860	-	508,207
Total Assets	<u>\$ 3,451,121</u>	<u>\$ 3,451,121</u>	<u>\$ 6,191,550</u>	<u>\$ 205,867</u>	<u>\$ 4,490,133</u>
LIABILITIES					
Accounts Payable	\$ 128,533	\$ 128,533	\$ 33,635	\$ 141,944	\$ -
Accrued Liabilities	-	-	-	-	520
Unearned Revenues	-	-	-	5,889	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>128,533</u>	<u>128,533</u>	<u>33,635</u>	<u>147,833</u>	<u>520</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Property Taxes	-	-	-	-	-
Deferred Revenues - Receivables	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted:					
Parks, Recreation, & Arts	495,460	495,460	4,098,464	-	-
Fitness Center Improvements	-	-	225,000	-	-
Scera Pool Improvements	-	-	361,021	-	-
Hillcrest & Lakeside Park Improvements	998,000	998,000	1,458,694	-	-
City Center Facility	350,000	350,000	-	-	-
Public Safety Improvements	468,895	468,895	-	-	-
Traffic Signals	241,615	241,615	-	-	-
Round-a-bouts	155,710	155,710	-	-	-
Street Improvements	612,908	612,908	-	-	4,489,613
Capital Improvements	-	-	14,736	-	-
Redevelopment	-	-	-	-	-
Community Development	-	-	-	-	-
Assigned:					
Community Programs	-	-	-	-	-
Capital Improvements	-	-	-	58,034	-
Senior Citizen Programs	-	-	-	-	-
Total Fund Balances	<u>3,322,588</u>	<u>3,322,588</u>	<u>6,157,915</u>	<u>58,034</u>	<u>4,489,613</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,451,121</u>	<u>\$ 3,451,121</u>	<u>\$ 6,191,550</u>	<u>\$ 205,867</u>	<u>\$ 4,490,133</u>

Special Revenue Funds

Redevelopment Agency Fund	Community Development & Rehabilitation Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ -	\$ 123,518	\$ 368	\$ 338,789	\$ 507,045	\$ 507,045
-	-	-	-	-	-
-	63,012	-	-	63,012	63,012
-	325,596	-	-	487,093	487,093
5,062,699	-	-	-	9,948,230	13,399,351
-	393,810	-	-	5,131,895	5,131,895
1,460,000	-	-	-	1,460,000	1,460,000
-	-	-	-	1,058,067	1,058,067
<u>\$ 6,522,699</u>	<u>\$ 905,936</u>	<u>\$ 368</u>	<u>\$ 338,789</u>	<u>\$ 18,655,342</u>	<u>\$ 22,106,463</u>
\$ -	\$ 44,514	\$ -	\$ 2,353	\$ 222,446	\$ 350,979
-	15,493	-	-	16,013	16,013
-	-	-	-	5,889	5,889
-	-	-	-	-	-
-	<u>60,007</u>	<u>-</u>	<u>2,353</u>	<u>244,348</u>	<u>372,881</u>
1,460,000	-	-	-	1,460,000	1,460,000
-	325,596	-	-	325,596	325,596
<u>1,460,000</u>	<u>325,596</u>	<u>-</u>	<u>-</u>	<u>1,785,596</u>	<u>1,785,596</u>
-	-	-	-	4,098,464	4,593,924
-	-	-	-	225,000	225,000
-	-	-	-	361,021	361,021
-	-	-	-	1,458,694	2,456,694
-	-	-	-	-	350,000
-	-	-	-	-	468,895
-	-	-	-	-	241,615
-	-	-	-	-	155,710
-	-	-	-	4,489,613	5,102,521
-	-	-	-	14,736	14,736
5,062,699	-	-	-	5,062,699	5,062,699
-	520,333	-	-	520,333	520,333
-	-	368	-	368	368
-	-	-	-	58,034	58,034
-	-	-	336,436	336,436	336,436
<u>5,062,699</u>	<u>520,333</u>	<u>368</u>	<u>336,436</u>	<u>16,625,398</u>	<u>19,947,986</u>
<u>\$ 6,522,699</u>	<u>\$ 905,936</u>	<u>\$ 368</u>	<u>\$ 338,789</u>	<u>\$ 18,655,342</u>	<u>\$ 22,106,463</u>

City of Orem
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2023

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele- Communication Billing Fund	Transportation Sales Tax Fund
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	3,143,029	-	2,893,783
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Impact Fees	369,980	369,980	-	-	-
Investment Earnings	120,834	120,834	136,227	13,722	126,365
Miscellaneous Revenues	-	-	-	919	-
Total Revenues	<u>490,814</u>	<u>490,814</u>	<u>3,279,256</u>	<u>14,641</u>	<u>3,020,148</u>
EXPENDITURES					
Current:					
Highways and Public Improvements	-	-	-	-	255,591
Parks, Recreation and Arts	-	-	935,979	-	-
Economic and Physical Development	5,615	5,615	-	13,123	-
Redevelopment	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	320,102	320,102	1,283,655	-	1,953,636
Total Expenditures	<u>325,717</u>	<u>325,717</u>	<u>2,219,634</u>	<u>13,123</u>	<u>2,209,227</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>165,097</u>	<u>165,097</u>	<u>1,059,622</u>	<u>1,518</u>	<u>810,921</u>
OTHER FINANCING SOURCES (USES)					
Investments - FMV Change	-	-	14,936	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	(46,200)	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(31,264)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	165,097	165,097	1,028,358	1,518	810,921
Fund Balances - Beginning	<u>3,157,491</u>	<u>3,157,491</u>	<u>5,129,557</u>	<u>56,516</u>	<u>3,678,692</u>
Fund Balances - Ending	<u>\$ 3,322,588</u>	<u>\$ 3,322,588</u>	<u>\$ 6,157,915</u>	<u>\$ 58,034</u>	<u>\$ 4,489,613</u>

Special Revenue Funds

Redevelopment Agency Fund	Community Development & Rehabilitation Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ 1,447,324	\$ -	\$ -	\$ -	\$ 1,447,324	\$ 1,447,324
-	-	-	-	6,036,812	6,036,812
-	881,469	-	-	881,469	881,469
-	20,899	-	87,364	108,263	108,263
-	-	-	-	-	369,980
191,110	586	-	11,901	479,911	600,745
13,200	-	272,468	14,500	301,087	301,087
<u>1,651,634</u>	<u>902,954</u>	<u>272,468</u>	<u>113,765</u>	<u>9,254,866</u>	<u>9,745,680</u>
-	-	-	-	255,591	255,591
-	-	-	84,963	1,020,942	1,020,942
-	402,334	-	-	415,457	421,072
1,190,792	-	-	-	1,190,792	1,190,792
-	50,000	-	-	50,000	50,000
-	8,396	-	-	8,396	8,396
88,600	375,306	-	-	3,701,197	4,021,299
<u>1,279,392</u>	<u>836,036</u>	<u>-</u>	<u>84,963</u>	<u>6,642,375</u>	<u>6,968,092</u>
<u>372,242</u>	<u>66,918</u>	<u>272,468</u>	<u>28,802</u>	<u>2,612,491</u>	<u>2,777,588</u>
931	1,520	-	-	17,387	17,387
-	-	-	-	-	-
(640,952)	(87,206)	(279,000)	-	(1,053,358)	(1,053,358)
<u>(640,021)</u>	<u>(85,686)</u>	<u>(279,000)</u>	<u>-</u>	<u>(1,035,971)</u>	<u>(1,035,971)</u>
(267,779)	(18,768)	(6,532)	28,802	1,576,520	1,741,617
5,330,478	539,101	6,900	307,634	15,048,878	18,206,369
<u>\$ 5,062,699</u>	<u>\$ 520,333</u>	<u>\$ 368</u>	<u>\$ 336,436</u>	<u>\$ 16,625,398</u>	<u>\$ 19,947,986</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property Taxes	\$ 2,285,476	\$ 2,285,476	\$ 2,284,511	\$ (965)
Investment Earnings	-	-	5,569	5,569
Total Revenues	<u>2,285,476</u>	<u>2,285,476</u>	<u>2,290,080</u>	<u>4,604</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	1,278,000	1,278,000	1,278,000	-
Interest and Fiscal Charges	4,689,829	4,689,829	4,689,827	2
Capital Lease Payments - Principal	465,000	465,000	465,000	-
Capital Lease Payments - Interest	89,590	89,590	89,589	1
Total Expenditures	<u>6,522,419</u>	<u>6,522,419</u>	<u>6,522,416</u>	<u>3</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,236,943)</u>	<u>(4,236,943)</u>	<u>(4,232,336)</u>	<u>4,607</u>
OTHER FINANCING SOURCES (USES)				
Investments - FMV Change	-	-	179	179
Transfers In	4,236,943	4,236,943	4,236,942	(1)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,236,943</u>	<u>4,236,943</u>	<u>4,237,121</u>	<u>178</u>
Net Change in Fund Balance	-	-	4,785	4,785
Fund Balance - Beginning	<u>1,187,088</u>	<u>1,187,088</u>	<u>1,187,088</u>	-
Fund Balance - Ending	<u>\$ 1,187,088</u>	<u>\$ 1,187,088</u>	<u>\$ 1,191,873</u>	<u>\$ 4,785</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ 1,772,107	\$ 84,102	\$ (1,688,005)
Miscellaneous Revenues	275,000	325,000	476,045	151,045
Total Revenues	275,000	2,097,107	560,147	(1,536,960)
EXPENDITURES				
Current:				
Economic and Physical Development	15,000	713,158	117,265	595,893
Capital Outlay	460,000	31,380,879	3,993,305	27,387,574
Total Expenditures	475,000	32,094,037	4,110,570	27,983,467
Excess (Deficiency) of Revenues over (under) Expenditures	(200,000)	(29,996,930)	(3,550,423)	26,446,507
OTHER FINANCING SOURCES (USES)				
Transfers In	200,000	5,450,435	5,450,435	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	200,000	5,450,435	5,450,435	-
Net Change in Fund Balance	-	(24,546,495)	1,900,012	26,446,507
Fund Balance - Beginning	24,996,086	24,996,086	24,996,086	-
Fund Balance - Ending	\$ 24,996,086	\$ 449,591	\$ 26,896,098	\$ 26,446,507

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 850,000	\$ 850,000	\$ 369,980	(480,020)
Investment Earnings	-	-	120,834	120,834
Total Revenues	<u>850,000</u>	<u>850,000</u>	<u>490,814</u>	<u>(359,186)</u>
EXPENDITURES				
Current:				
Economic and Physical Development	-	12,900	5,615	7,285
Capital Outlay	850,000	2,263,320	320,102	1,943,218
Total Expenditures	<u>850,000</u>	<u>2,276,220</u>	<u>325,717</u>	<u>1,950,503</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(1,426,220)	165,097	1,591,317
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(1,426,220)	165,097	1,591,317
Fund Balance - Beginning	<u>3,157,491</u>	<u>3,157,491</u>	<u>3,157,491</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,157,491</u>	<u>\$ 1,731,271</u>	<u>\$ 3,322,588</u>	<u>\$ 1,591,317</u>

City of Orem
CARE Tax - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Taxes	\$ 2,900,000	\$ 2,900,000	\$ 3,143,029	\$ 243,029
Investment Earnings	10,000	10,000	136,227	126,227
Total Revenues	2,910,000	2,910,000	3,279,256	369,256
EXPENDITURES				
Current:				
Arts and Recreation Development	2,866,500	1,241,048	935,979	305,069
Capital Outlay	-	3,353,106	1,283,655	2,069,451
Total Expenditures	2,866,500	4,594,154	2,219,634	2,374,520
Excess (Deficiency) of Revenues over (under) Expenditures	43,500	(1,684,154)	1,059,622	2,743,776
OTHER FINANCING SOURCES (USES)				
Investments - FMV Change	-	-	14,936	14,936
Transfers In	-	-	-	-
Transfers Out	(43,500)	(46,200)	(46,200)	-
Total Other Financing Sources (Uses)	(43,500)	(46,200)	(31,264)	14,936
Net Change in Fund Balance	-	(1,730,354)	1,028,358	2,758,712
Fund Balance - Beginning	5,129,557	5,129,557	5,129,557	-
Fund Balance - Ending	\$ 5,129,557	\$ 3,399,203	\$ 6,157,915	\$ 2,758,712

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 23,000	\$ 23,000	\$ 13,722	\$ (9,278)
Miscellaneous Revenues	2,000	2,000	919	(1,081)
Total Revenues	25,000	25,000	14,641	(10,359)
EXPENDITURES				
Current:				
Miscellaneous Expenditures	25,000	25,000	13,123	11,877
Total Expenditures	25,000	25,000	13,123	11,877
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	1,518	1,518
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	1,518	1,518
Fund Balance - Beginning	56,516	56,516	56,516	-
Fund Balance - Ending	\$ 56,516	\$ 56,516	\$ 58,034	\$ 1,518

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales Taxes	\$ 2,760,000	\$ 2,760,000	\$ 2,893,783	\$ 133,783
Investment Earnings	7,000	7,000	126,365	119,365
Total Revenues	<u>2,767,000</u>	<u>2,767,000</u>	<u>3,020,148</u>	<u>253,148</u>
EXPENDITURES				
Current:				
Highways & Public Improvements	272,641	259,334	255,591	3,743
Capital Outlay	<u>2,494,359</u>	<u>4,769,715</u>	<u>1,953,636</u>	<u>2,816,079</u>
Total Expenditures	<u>2,767,000</u>	<u>5,029,049</u>	<u>2,209,227</u>	<u>2,819,822</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(2,262,049)	810,921	3,072,970
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(2,262,049)	810,921	3,072,970
Fund Balance - Beginning	<u>3,678,692</u>	<u>3,678,692</u>	<u>3,678,692</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,678,692</u>	<u>\$ 1,416,643</u>	<u>\$ 4,489,613</u>	<u>\$ 3,072,970</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property Taxes	\$ 1,300,000	\$ 1,306,659	\$ 1,337,076	\$ 30,417
Property Taxes - Tax Increment	455,000	248,341	110,248	(138,093)
Investment Earnings	-	-	191,110	191,110
Miscellaneous Revenues	-	-	13,200	13,200
Total Revenues	<u>1,755,000</u>	<u>1,555,000</u>	<u>1,651,634</u>	<u>96,634</u>
EXPENDITURES				
Current:				
Redevelopment	1,240,386	1,224,697	1,190,792	33,905
Capital Outlay	-	4,634,534	88,600	4,545,934
Total Expenditures	<u>1,240,386</u>	<u>5,859,231</u>	<u>1,279,392</u>	<u>4,579,839</u>
Excess (Deficiency) of Revenues over (under) Expenditures	514,614	(4,304,231)	372,242	4,676,473
OTHER FINANCING SOURCES (USES)				
Investments - FMV Change	-	-	931	931
Transfers In	-	-	-	-
Transfers Out	(634,523)	(640,952)	(640,952)	-
Total Other Financing Sources (Uses)	<u>(634,523)</u>	<u>(640,952)</u>	<u>(640,021)</u>	<u>931</u>
Net Change in Fund Balance	(119,909)	(4,945,183)	(267,779)	4,677,404
Fund Balance - Beginning	<u>5,330,478</u>	<u>5,330,478</u>	<u>5,330,478</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,210,569</u>	<u>\$ 385,295</u>	<u>\$ 5,062,699</u>	<u>\$ 4,677,404</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 684,750	\$ 707,597	\$ 881,469	\$ 173,872
Charges for Services	104,808	109,971	20,899	(89,072)
Investment Earnings	-	-	586	586
Total Revenues	<u>789,558</u>	<u>817,568</u>	<u>902,954</u>	<u>85,386</u>
EXPENDITURES				
Current:				
Economic and Physical Development	432,414	659,452	402,334	257,118
Capital Outlay	196,733	508,145	375,306	132,839
Debt Service:				
Principal Retirement	85,000	81,423	50,000	31,423
Interest and Fiscal Charges	9,000	8,396	8,396	-
Total Expenditures	<u>723,147</u>	<u>1,257,416</u>	<u>836,036</u>	<u>421,380</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>66,411</u>	<u>(439,848)</u>	<u>66,918</u>	<u>506,766</u>
OTHER FINANCING SOURCES (USES)				
Investments - FMV Change	-	-	1,520	1,520
Transfers In	-	-	-	-
Transfers Out	(66,411)	(102,072)	(87,206)	14,866
Total Other Financing Sources (Uses)	<u>(66,411)</u>	<u>(102,072)</u>	<u>(85,686)</u>	<u>16,386</u>
Net Change in Fund Balance	-	(541,920)	(18,768)	523,152
Fund Balance - Beginning	<u>539,101</u>	<u>539,101</u>	<u>539,101</u>	-
Fund Balance - Ending	<u>\$ 539,101</u>	<u>\$ (2,819)</u>	<u>\$ 520,333</u>	<u>\$ 523,152</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Miscellaneous Revenues	\$ 267,000	\$ 269,000	\$ 272,468	\$ 3,468
Total Revenues	267,000	269,000	272,468	3,468
EXPENDITURES				
Current:				
City Programs	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	267,000	269,000	272,468	3,468
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(267,000)	(279,000)	(279,000)	-
Total Other Financing Sources (Uses)	(267,000)	(279,000)	(279,000)	-
Net Change in Fund Balance	-	(10,000)	(6,532)	3,468
Fund Balance - Beginning	6,900	6,900	6,900	-
Fund Balance - Ending	\$ 6,900	\$ (3,100)	\$ 368	\$ 3,468

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 16,400	\$ 80,093	\$ 87,364	\$ 7,271
Investment Earnings	750	750	11,901	11,151
Miscellaneous Revenues	20,850	20,850	14,500	(6,350)
Total Revenues	38,000	101,693	113,765	12,072
EXPENDITURES				
Current:				
Tours	12,450	44,780	44,433	347
Miscellaneous Expenditures	25,550	56,913	40,530	16,383
Total Expenditures	38,000	101,693	84,963	16,730
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	28,802	28,802
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	28,802	28,802
Fund Balance - Beginning	307,634	307,634	307,634	-
Fund Balance - Ending	\$ 307,634	\$ 307,634	\$ 336,436	\$ 28,802

**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, 2023

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,441,174	\$ 1,632,908	\$ 1,641,679	\$ 1,216,327
Accounts Receivable (Net of Allowance for Doubtful Accounts)	62,342	1,859	524,581	498,691
Total Current Assets	<u>1,503,516</u>	<u>1,634,767</u>	<u>2,166,260</u>	<u>1,715,018</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	96,654	5,780	-	-
Infrastructure	-	-	-	-
Construction in Progress	106,414	-	-	-
Less Accumulated Depreciation	(1,772,198)	(1,750,774)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>379,430</u>	<u>203,566</u>	<u>-</u>	<u>-</u>
Pension Assets	-	767	-	-
Total Noncurrent Assets	<u>379,430</u>	<u>204,333</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,882,946</u>	<u>1,839,100</u>	<u>2,166,260</u>	<u>1,715,018</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	4,714	275	-	-
Total Deferred Outflows of Resources	<u>4,714</u>	<u>275</u>	<u>-</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 1,887,660</u>	<u>\$ 1,839,375</u>	<u>\$ 2,166,260</u>	<u>\$ 1,715,018</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 50,284	\$ 67,721	\$ 338,869	\$ 313,403
Accrued Liabilities	73,874	57,863	-	-
Accrued Vacation Leave	9,690	6,347	-	-
Unearned Revenues	876,483	935,873	-	-
Total Current Liabilities	<u>1,010,331</u>	<u>1,067,804</u>	<u>338,869</u>	<u>313,403</u>
Noncurrent Liabilities:				
Accrued Vacation Leave	510	334	-	-
Pension Liabilities	5,206	-	-	-
Total Noncurrent Liabilities	<u>5,716</u>	<u>334</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,016,047</u>	<u>1,068,138</u>	<u>338,869</u>	<u>313,403</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	164	820	-	-
Total Deferred Inflows of Resources	<u>164</u>	<u>820</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	379,430	203,566	-	-
Restricted for Pensions	-	767	-	-
Unrestricted	492,019	566,084	1,827,391	1,401,615
Total Net Position	<u>871,449</u>	<u>770,417</u>	<u>1,827,391</u>	<u>1,401,615</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 1,887,660</u>	<u>\$ 1,839,375</u>	<u>\$ 2,166,260</u>	<u>\$ 1,715,018</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 1,451,271	\$ 1,727,584	\$ 4,534,124	\$ 4,576,819
96,275	92,087	683,198	592,637
<u>1,547,546</u>	<u>1,819,671</u>	<u>5,217,322</u>	<u>5,169,456</u>
-	-	39,822	39,822
-	-	1,509,500	1,509,500
-	-	399,238	399,238
147,508	140,347	244,162	146,127
4,650,230	3,958,579	4,650,230	3,958,579
57,733	-	164,147	-
<u>(938,222)</u>	<u>(832,308)</u>	<u>(2,710,420)</u>	<u>(2,583,082)</u>
3,917,249	3,266,618	4,296,679	3,470,184
-	262	-	1,029
<u>3,917,249</u>	<u>3,266,880</u>	<u>4,296,679</u>	<u>3,471,213</u>
<u>5,464,795</u>	<u>5,086,551</u>	<u>9,514,001</u>	<u>8,640,669</u>
1,323	95	6,037	370
<u>1,323</u>	<u>95</u>	<u>6,037</u>	<u>370</u>
<u>\$ 5,466,118</u>	<u>\$ 5,086,646</u>	<u>\$ 9,520,038</u>	<u>\$ 8,641,039</u>
\$ 235,822	\$ 11,069	\$ 624,975	\$ 392,193
15,129	3,303	89,003	61,166
4,294	3,005	13,984	9,352
-	-	876,483	935,873
<u>255,245</u>	<u>17,377</u>	<u>1,604,445</u>	<u>1,398,584</u>
226	158	736	492
1,461	-	6,667	-
<u>1,687</u>	<u>158</u>	<u>7,403</u>	<u>492</u>
<u>256,932</u>	<u>17,535</u>	<u>1,611,848</u>	<u>1,399,076</u>
46	280	210	1,100
<u>46</u>	<u>280</u>	<u>210</u>	<u>1,100</u>
3,917,249	3,266,618	4,296,679	3,470,184
-	262	-	1,029
<u>1,291,891</u>	<u>1,801,951</u>	<u>3,611,301</u>	<u>3,769,650</u>
<u>5,209,140</u>	<u>5,068,831</u>	<u>7,907,980</u>	<u>7,240,863</u>
<u>\$ 5,466,118</u>	<u>\$ 5,086,646</u>	<u>\$ 9,520,038</u>	<u>\$ 8,641,039</u>

City of Orem
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For The Year Ended June 30, 2023

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
OPERATING REVENUES			
Charges for Services	\$ 3,495,317	\$ 3,141,867	\$ 4,940,671
Other Revenues	6,371	977	17,471
Total Operating Revenues	<u>3,501,688</u>	<u>3,142,844</u>	<u>4,958,142</u>
OPERATING EXPENSES			
Personnel Services	1,886,469	1,613,225	-
Supplies and Maintenance	647,682	541,130	148,396
Administrative Fee	51,421	21,665	238,668
Utilities	630,979	444,406	-
Contract Services	46,400	42,076	4,037,381
Insurance	137,826	24,461	-
Depreciation	21,424	20,342	-
Miscellaneous	19,091	18,438	79,529
Total Operating Expenses	<u>3,441,292</u>	<u>2,725,743</u>	<u>4,503,974</u>
Operating Income (Loss)	<u>60,396</u>	<u>417,101</u>	<u>454,168</u>
NONOPERATING REVENUES AND EXPENSES			
Investment Earnings	43,436	6,106	46,029
Gain (Loss) on Sale of Capital Assets	2,736	5,712	-
Total Nonoperating Revenues & Expenses	<u>46,172</u>	<u>11,818</u>	<u>46,029</u>
Income (Loss) before Transfers	106,568	428,919	500,197
Transfers In	67,000	67,000	-
Transfers Out	<u>(72,536)</u>	<u>(72,454)</u>	<u>(74,421)</u>
Change in Net Position	101,032	423,465	425,776
Total Net Position - Beginning	<u>770,417</u>	<u>346,952</u>	<u>1,401,615</u>
Total Net Position - Ending	<u>\$ 871,449</u>	<u>\$ 770,417</u>	<u>\$ 1,827,391</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
\$ 4,604,688	\$ 979,735	\$ 938,886	\$ 9,415,723	\$ 8,685,441
19,606	12,108	130,114	35,950	150,697
4,624,294	991,843	1,069,000	9,451,673	8,836,138
-	171,514	151,521	2,057,983	1,764,746
151,385	73,550	79,204	869,628	771,719
235,040	82,711	72,424	372,800	329,129
-	91,059	97,336	722,038	541,742
3,771,159	10,881	9,593	4,094,662	3,822,828
-	1,751	571	139,577	25,032
-	105,914	110,048	127,338	130,390
84,019	2,133	1,791	100,753	104,248
4,241,603	539,513	522,488	8,484,779	7,489,834
382,691	452,330	546,512	966,894	1,346,304
4,503	48,410	9,108	137,875	19,717
-	5,195	-	7,931	5,712
4,503	53,605	9,108	145,806	25,429
387,194	505,935	555,620	1,112,700	1,371,733
-	-	-	67,000	67,000
(73,582)	(365,626)	(370,278)	(512,583)	(516,314)
313,612	140,309	185,342	667,117	922,419
1,088,003	5,068,831	4,883,489	7,240,863	6,318,444
\$ 1,401,615	\$ 5,209,140	\$ 5,068,831	\$ 7,907,980	\$ 7,240,863

City of Orem
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2023

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 3,381,815	\$ 3,176,327	\$ 4,932,252	\$ 4,603,052
Payments to Suppliers	(1,500,661)	(1,061,888)	(4,239,840)	(4,004,943)
Payments for Personnel	(1,864,815)	(1,749,465)	-	-
Payments for Interfund Services Used	(51,421)	(21,665)	(238,668)	(235,040)
Net Cash Provided (Used) by Operating Activities	(35,082)	343,309	453,744	363,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Donations / Grants	-	-	-	-
Transfers In	67,000	67,000	-	-
Transfers Out	(72,536)	(72,454)	(74,421)	(73,582)
Net Cash Provided (Used) by Noncapital Activities	(5,536)	(5,454)	(74,421)	(73,582)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(197,288)	-	-	-
Proceeds from Sales of Capital Assets	2,736	5,712	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(194,552)	5,712	-	-
CASH FLOW FROM INVESTING ACTIVITIES				
Investment Earnings	43,436	6,106	46,029	4,503
Net Cash Provided (Used) by Investing Activities	43,436	6,106	46,029	4,503
Net Increase (Decrease) in Cash and Cash Equivalents	(191,734)	349,673	425,352	293,990
Cash and Cash Equivalents - Beginning of Year	1,632,908	1,283,235	1,216,327	922,337
Cash and Cash Equivalents - End of Year	<u>\$ 1,441,174</u>	<u>\$ 1,632,908</u>	<u>\$ 1,641,679</u>	<u>\$ 1,216,327</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 60,396	\$ 417,101	\$ 454,168	\$ 382,691
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 21,424	\$ 20,342	\$ -	\$ -
(Increase) Decrease in Receivables	(60,483)	31,519	(25,890)	(21,242)
(Increase) Decrease in Prepaids	-	-	-	-
(Increase) Decrease in Pension Assets	(3,672)	33,278	-	-
Increase (Decrease) in Accounts Payable	(17,437)	9,869	25,466	1,620
Increase (Decrease) in Accrued Liabilities	16,011	(85,908)	-	-
Increase (Decrease) in Unearned Revenue	(59,390)	1,964	-	-
Increase (Decrease) in Accrued Vacation Leave	3,519	(31,581)	-	-
Increase (Decrease) in Pension Liabilities	4,550	(53,275)	-	-
Total Adjustments	(95,478)	(73,792)	(424)	(19,622)
Net Cash Provided (Used) by Operating Activities	<u>\$ (35,082)</u>	<u>\$ 343,309</u>	<u>\$ 453,744</u>	<u>\$ 363,069</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 987,655	\$ 1,064,191	\$ 9,301,722	\$ 8,843,570
45,379	(187,810)	(5,695,122)	(5,254,641)
(158,070)	(173,486)	(2,022,885)	(1,922,951)
(82,711)	(72,424)	(372,800)	(329,129)
792,253	630,471	1,210,915	1,336,849
-	-	-	-
-	-	67,000	67,000
(365,626)	(370,278)	(512,583)	(516,314)
(365,626)	(370,278)	(445,583)	(449,314)
(756,545)	(980,895)	(953,833)	(980,895)
5,195	-	7,931	5,712
(751,350)	(980,895)	(945,902)	(975,183)
48,410	9,108	137,875	19,717
48,410	9,108	137,875	19,717
(276,313)	(711,594)	(42,695)	(67,931)
1,727,584	2,439,178	4,576,819	4,644,750
\$ 1,451,271	\$ 1,727,584	\$ 4,534,124	\$ 4,576,819
\$ 452,330	\$ 546,512	966,894	1,346,304
\$ 105,914	\$ 110,048	127,338	130,390
(4,188)	(4,809)	(90,561)	5,468
-	-	-	-
(966)	6,756	(4,638)	40,034
224,753	685	232,782	12,174
11,826	(7,752)	27,837	(93,660)
-	-	(59,390)	1,964
1,357	(10,038)	4,876	(41,619)
1,227	(10,931)	5,777	(64,206)
339,923	83,959	244,021	(9,455)
\$ 792,253	\$ 630,471	\$ 1,210,915	\$ 1,336,849

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, 2023

	<u>Fleet Maintenance</u>	<u>Purchasing / Warehousing</u>	<u>Self- Insurance</u>	<u>Information Technology</u>	<u>Facilities Maintenance</u>	<u>Total</u>
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 391,105	\$ 72,998	\$ 2,893,464	\$ 1,628,512	\$ -	\$ 4,986,079
Accounts Receivable (Net of Allowance for Doubtful Accounts)	860	-	-	-	-	860
Inventories	-	371,945	-	-	-	371,945
Prepays	-	-	8,750	10,667	-	19,417
Total Current Assets	<u>391,965</u>	<u>444,943</u>	<u>2,902,214</u>	<u>1,639,179</u>	<u>-</u>	<u>5,378,301</u>
Noncurrent Assets:						
Capital Assets:						
Buildings	-	150,000	-	-	-	150,000
Improvements other than Buildings	-	-	-	-	61,199	61,199
Machinery and Equipment	209,830	53,474	-	445,637	103,889	812,830
Intangibles	-	-	-	88,548	-	88,548
Less Accumulated Depreciation	(185,247)	(108,625)	-	(197,078)	(46,698)	(537,648)
Total Capital Assets (Net of Accumulated Depreciation)	<u>24,583</u>	<u>94,849</u>	<u>-</u>	<u>337,107</u>	<u>118,390</u>	<u>574,929</u>
Total Noncurrent Assets	<u>24,583</u>	<u>94,849</u>	<u>-</u>	<u>337,107</u>	<u>118,390</u>	<u>574,929</u>
Total Assets	<u>416,548</u>	<u>539,792</u>	<u>2,902,214</u>	<u>1,976,286</u>	<u>118,390</u>	<u>5,953,230</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	50,217	10,610	15,440	183,108	36,948	296,323
Total Deferred Outflows of Resources	<u>50,217</u>	<u>10,610</u>	<u>15,440</u>	<u>183,108</u>	<u>36,948</u>	<u>296,323</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 466,765</u>	<u>\$ 550,402</u>	<u>\$ 2,917,654</u>	<u>\$ 2,159,394</u>	<u>\$ 155,338</u>	<u>\$ 6,249,553</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 6,181	\$ 4,232	\$ 3,063	\$ 58,269	\$ 34,987	\$ 106,732
Accrued Liabilities	12,365	5,847	3,458	29,106	26,994	77,770
Due to Other Funds	-	-	-	-	165,510	165,510
Accrued Vacation/PTO Leave	47,142	20,139	7,769	88,115	26,074	189,239
Claims and Judgments	-	-	504,569	-	-	504,569
Lease Payable - Current	1,100	-	-	15,871	-	16,971
Total Current Liabilities	<u>66,788</u>	<u>30,218</u>	<u>518,859</u>	<u>191,361</u>	<u>253,565</u>	<u>1,060,791</u>
Noncurrent Liabilities:						
Accrued Vacation/PTO Leave	2,481	1,059	409	4,637	1,372	9,958
Claims and Judgments	-	-	1,193,994	-	-	1,193,994
Lease Payable - Long-term	19,284	-	-	74,221	-	93,505
Pension Liabilities	55,459	11,718	17,051	202,221	40,805	327,254
Total Noncurrent Liabilities	<u>77,224</u>	<u>12,777</u>	<u>1,211,454</u>	<u>281,079</u>	<u>42,177</u>	<u>1,624,711</u>
Total Liabilities	<u>144,012</u>	<u>42,995</u>	<u>1,730,313</u>	<u>472,440</u>	<u>295,742</u>	<u>2,685,502</u>
DEFERRED INFLOWS OF RESOURCES						
Pensions	1,742	368	536	6,353	1,282	10,281
Total Deferred Inflows of Resources	<u>1,742</u>	<u>368</u>	<u>536</u>	<u>6,353</u>	<u>1,282</u>	<u>10,281</u>
NET POSITION						
Net Investment in Capital Assets	4,199	94,849	-	247,015	118,390	464,453
Unrestricted	316,812	412,190	1,186,805	1,433,586	(260,076)	3,089,317
Total Net Position	<u>321,011</u>	<u>507,039</u>	<u>1,186,805</u>	<u>1,680,601</u>	<u>(141,686)</u>	<u>3,553,770</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 466,765</u>	<u>\$ 550,402</u>	<u>\$ 2,917,654</u>	<u>\$ 2,159,394</u>	<u>\$ 155,338</u>	<u>\$ 6,249,553</u>

City of Orem
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2023

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Facilities Maintenance	Total
OPERATING REVENUES:						
Charges for Services to Other Funds	\$ 880,000	\$ 440,000	\$ 2,342,494	\$ 2,810,000	\$ 1,880,000	\$ 8,352,494
Other Revenues	-	-	-	8,136	-	8,136
Total Operating Revenues	<u>880,000</u>	<u>440,000</u>	<u>2,342,494</u>	<u>2,818,136</u>	<u>1,880,000</u>	<u>8,360,630</u>
OPERATING EXPENSES:						
Personnel Services	684,724	312,610	150,351	2,009,749	1,248,718	4,406,152
Supplies, Maintenance and Claims	244,519	153,153	1,741,220	1,026,761	445,138	3,610,791
Utilities	-	-	-	-	543,599	543,599
Equipment Lease & Rentals	-	-	-	11,683	-	11,683
Depreciation Expense	9,748	7,062	-	49,805	13,917	80,532
Total Operating Expenses	<u>938,991</u>	<u>472,825</u>	<u>1,891,571</u>	<u>3,097,998</u>	<u>2,251,372</u>	<u>8,652,757</u>
Operating Income (Loss)	<u>(58,991)</u>	<u>(32,825)</u>	<u>450,923</u>	<u>(279,862)</u>	<u>(371,372)</u>	<u>(292,127)</u>
NONOPERATING REVENUES (EXPENSES):						
Gain (Loss) on Sales of Fixed Assets	2,355	7,490	-	-	-	9,845
Interest Expense and Fiscal Charges	-	-	-	(1,356)	-	(1,356)
Total Nonoperating Revenues (Expenses)	2,355	7,490	-	(1,356)	-	8,489
Income (Loss) before Operating Transfers	(56,636)	(25,335)	450,923	(281,218)	(371,372)	(283,638)
Transfers In	-	-	-	-	275,000	275,000
Transfers Out	(71,013)	-	(53,000)	-	-	(124,013)
Change in Net Position	<u>(127,649)</u>	<u>(25,335)</u>	<u>397,923</u>	<u>(281,218)</u>	<u>(96,372)</u>	<u>(132,651)</u>
Total Net Position - Beginning	<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 Net Position - Ending	<u>\$ 321,011</u>	<u>\$ 507,039</u>	<u>\$ 1,186,805</u>	<u>\$ 1,680,601</u>	<u>\$ (141,686)</u>	<u>\$ 3,553,770</u>

City of Orem
Internal Service Funds
Combining Statement of Cash Flows
For The Year Ended June 30, 2023

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Facilities Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Interfund Services Provided	\$ 880,000	\$ 440,000	\$ 2,342,494	\$ 2,818,136	\$ 1,880,000	\$ 8,360,630
Payments to Suppliers	(234,632)	(117,559)	(2,207,000)	(996,506)	(948,989)	(4,504,686)
Payments for Personnel	(638,457)	(298,304)	(133,723)	(1,616,520)	(1,198,225)	(3,885,229)
Net Cash Provided (Used) by Operating Activities	6,911	24,137	1,771	205,110	(267,214)	(29,285)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers In	-	-	-	-	275,000	275,000
Transfers Out	(71,013)	-	(53,000)	-	-	(124,013)
Net Cash Provided (Used) by Noncapital Financing Activities	(71,013)	-	(53,000)	-	275,000	150,987
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:						
Acquisition of Capital Assets	(13,246)	(30,000)	-	(105,817)	(7,786)	(156,849)
Proceeds from the Sale of Capital Assets	2,355	7,490	-	-	-	9,845
Proceeds from Leases	-	-	-	105,817	-	105,817
Principal paid on Outstanding Debt	(800)	-	-	(15,725)	-	(16,525)
Interest paid on Outstanding Debt	-	-	-	(1,356)	-	(1,356)
Net Cash Provided (Used) in Capital Financing Activities	(11,691)	(22,510)	-	(17,081)	(7,786)	(59,068)
CASH FLOW FROM INVESTING ACTIVITIES						
Investment Earnings	-	-	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(75,793)	1,627	(51,229)	188,029	-	62,634
Cash and Cash Equivalents - Beginning of Year	466,898	71,371	2,944,693	1,440,483	-	4,923,445
Cash and Cash Equivalents - End of Year	\$ 391,105	\$ 72,998	\$ 2,893,464	\$ 1,628,512	\$ -	\$ 4,986,079
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (58,991)	\$ (32,825)	\$ 450,923	\$ (279,862)	\$ (371,372)	\$ (292,127)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	9,748	7,062	-	49,805	13,917	80,532
(Increase) Decrease in Accounts Receivable	(860)	-	-	-	-	(860)
(Increase) Decrease in Inventory	-	30,503	-	-	-	30,503
(Increase) Decrease in Prepaids	-	-	-	11,242	-	11,242
(Increase) Decrease in Pension Assets	97,813	20,369	53,553	1,502,243	136,083	1,810,061
Increase (Decrease) in Accounts Payable	5,234	3,970	(357)	23,020	31,684	63,551
Increase (Decrease) in Accrued Liabilities	5,513	1,121	1,479	7,676	8,064	23,853
Increase (Decrease) in Accrued Vacation Leave	7,817	6,245	(184)	9,517	8,574	31,969
Increase (Decrease) in Pension Liabilities	(59,363)	(12,308)	(36,741)	(1,118,531)	(94,164)	(1,321,107)
Increase (Decrease) in Claims and Judgments	-	-	(466,902)	-	-	(466,902)
Total Adjustments	65,902	56,962	(449,152)	484,972	104,158	262,842
Net Cash Provided (Used) by Operating Activities	\$ 6,911	\$ 24,137	\$ 1,771	\$ 205,110	\$ (267,214)	\$ (29,285)

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

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedules By Source - Comparative¹
June 30, 2023 and 2022

	2023	2022
Governmental Funds Capital Assets:		
Land	\$ 72,580,455	\$ 72,570,455
Buildings	70,996,163	70,349,665
Improvements other than Buildings	44,156,869	42,990,893
Machinery and Equipment	28,558,059	27,911,510
Infrastructure	132,637,430	128,868,445
Construction in Progress	9,221,573	1,825,892
Total Governmental Funds Capital Assets	<u>\$ 358,150,549</u>	<u>\$ 344,516,860</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 262,632,097	\$ 256,074,315
Capital Projects Fund	61,245,530	57,075,941
Federal Grants	615,669	615,669
Road Funds	24,440,593	21,787,561
Redevelopment	4,329,828	4,329,828
Community Development	4,886,832	4,633,546
Total Governmental Funds Capital Assets	<u>\$ 358,150,549</u>	<u>\$ 344,516,860</u>

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

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedule By Function and Activity¹
June 30, 2023

Function and Activity	Land	Buildings	Improvements Other Than Buildings
General Government:			
Executive	\$ -	\$ 2,075	\$ 133,759
Management Services	-	-	-
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	-	90,544	2,559,292
Total General Government	<u>3,580,621</u>	<u>3,933,677</u>	<u>7,893,676</u>
Public Safety:			
Administration	-	5,377,906	28,407
Police Protection	-	-	170,373
Fire Protection	174,096	2,486,089	950,068
Emergency Services	-	1,580	-
Total Public Safety	<u>174,096</u>	<u>7,865,575</u>	<u>1,148,848</u>
Highways and Streets:			
Administration & Engineering	33,550	7,874,114	363,324
Street System	52,534,889	6,284,636	6,498,220
Street Lighting	-	-	1,421,854
Total Highways and Streets	<u>52,568,439</u>	<u>14,158,750</u>	<u>8,283,398</u>
Parks and Recreation	16,034,954	35,354,711	25,403,313
Library	<u>222,345</u>	<u>9,683,450</u>	<u>1,427,634</u>
Total Governmental Funds Capital Assets	<u>\$ 72,580,455</u>	<u>\$ 70,996,163</u>	<u>\$ 44,156,869</u>

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

Machinery and Equipment	Construction in Progress			Total
	Infrastructure			
\$ 729,640	\$ -	\$ -	\$ -	\$ 865,474
8,013	-	-	-	8,013
355,343	-	-	-	381,606
21,498	-	-	-	21,498
234,404	-	-	-	234,404
176,997	291,428	1,814,173		12,923,141
411,901	-	-		411,901
-	2,374,330	-		4,329,828
-	2,234,832	2,164		4,886,832
<u>1,937,796</u>	<u>4,900,590</u>	<u>1,816,337</u>		<u>24,062,697</u>
1,597,269	-	-		7,003,582
6,569,945	-	-		6,740,318
9,135,632	253,496	178,313		13,177,694
77,072	-	-		78,652
<u>17,379,918</u>	<u>253,496</u>	<u>178,313</u>		<u>27,000,246</u>
313,566	-	-		8,584,554
4,806,547	125,507,254	3,321,538		198,953,084
-	1,136,156	-		2,558,010
<u>5,120,113</u>	<u>126,643,410</u>	<u>3,321,538</u>		<u>210,095,648</u>
3,257,798	839,934	3,905,385		84,796,095
862,434	-	-		12,195,863
<u>\$ 28,558,059</u>	<u>\$ 132,637,430</u>	<u>\$ 9,221,573</u>		<u>\$ 358,150,549</u>

City of Orem
Schedules of Capital Assets Used in The Operations of Governmental Funds
Schedule of Changes By Function and Activity¹
For The Year Ended June 30, 2023

Function and Activity	Governmental Funds Capital Assets June 30, 2022	Additions	Deductions	Governmental Funds Capital Assets June 30, 2023
General Government:				
Executive	\$ 824,418	\$ 52,280	\$ (11,224)	\$ 865,474
Management Services	8,013	-	-	8,013
Finance	370,382	11,224	-	381,606
Legal	21,498	-	-	21,498
Development Services	179,778	54,626	-	234,404
General Government	11,108,967	1,814,174	-	12,923,141
Engineering	411,198	36,328	(35,625)	411,901
Redevelopment	4,329,828	-	-	4,329,828
Community Development	4,633,546	253,286	-	4,886,832
Total General Government	<u>21,887,628</u>	<u>2,221,918</u>	<u>(46,849)</u>	<u>24,062,697</u>
Public Safety:				
Administration	6,956,779	46,804	-	7,003,583
Police Protection	7,040,263	805,609	(1,105,555)	6,740,317
Fire Protection	12,835,743	546,299	(204,347)	13,177,695
Emergency Services	78,652	-	-	78,652
Total Public Safety	<u>26,911,437</u>	<u>1,398,712</u>	<u>(1,309,902)</u>	<u>27,000,247</u>
Highways and Streets:				
Administration & Engineering	8,597,611	-	(13,057)	8,584,554
Street System	192,360,314	6,700,225	(107,455)	198,953,084
Street Lighting	2,558,010	-	-	2,558,010
Total Highways and Streets	<u>203,515,935</u>	<u>6,700,225</u>	<u>(120,512)</u>	<u>210,095,648</u>
Parks and Recreation	80,172,196	4,754,718	(130,820)	84,796,094
Library	12,029,664	166,199	-	12,195,863
Total Governmental Funds Capital Assets	<u>\$ 344,516,860</u>	<u>\$ 15,241,772</u>	<u>\$ (1,608,083)</u>	<u>\$ 358,150,549</u>

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

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This section of the City of Orem's annual comprehensive financial report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	148
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	156
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity and Other Debt Information	167
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	177
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating and Other Information	182
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			
	2014	2015	2016	2017
Governmental Activities:				
Net Investment in Capital Assets	\$ 119,632,622	\$ 125,400,639	\$ 126,818,760	\$ 131,968,221
Restricted:				
Debt Service	3,962,783	4,397,812	3,276,616	3,124,343
Capital Improvements	13,182,105	13,746,082	14,968,717	12,172,402
Pensions	-	474,700	18,819	11,876
Community Development	2,077,923	2,325,070	1,966,450	2,465,412
Subtotal - Restricted	19,222,811	20,943,664	20,230,602	17,774,033
Unrestricted	18,050,956	14,694,051	22,000,259	23,803,593
Total Governmental Activities Net Position	156,906,389	161,038,354	169,049,621	173,545,847
Business-type Activities:				
Net Investment in Capital Assets	51,205,761	55,221,666	56,904,569	59,715,600
Restricted:				
Debt Service	2,415,159	1,658,404	2,448,592	1,860,333
Capital Improvements	44,000	66,000	88,000	110,000
Pensions	-	2,025	145	-
Subtotal - Restricted	2,459,159	1,726,429	2,536,737	1,970,333
Unrestricted	17,867,439	18,391,654	20,298,964	27,455,917
Total Business-type Activities Net Position	71,532,359	75,339,749	79,740,270	89,141,850
Primary Government:				
Net Investment in Capital Assets	170,838,383	180,622,305	183,723,329	191,683,821
Restricted:				
Debt Service	6,377,942	6,056,216	5,725,208	4,984,676
Capital Improvements	13,226,105	13,812,082	15,056,717	12,282,402
Pensions	-	476,725	18,964	11,876
Community Development	2,077,923	2,325,070	1,966,450	2,465,412
Subtotal - Restricted	21,681,970	22,670,093	22,767,339	19,744,366
Unrestricted	35,918,395	33,085,705	42,299,223	51,259,510
Total Primary Government Net Position	\$ 228,438,748	\$ 236,378,103	\$ 248,789,891	\$ 262,687,697

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 133,402,160	\$ 134,356,643	\$ 138,676,061	\$ 154,447,536	\$ 155,974,028	\$ 164,329,351
3,344,100	5,845,268	4,928,893	4,171,302	3,465,584	3,490,893
12,037,092	15,739,000	18,992,324	10,967,133	13,950,399	16,247,508
871,227	-	2,426,403	5,693,222	20,096,352	4,552,561
3,609,728	3,832,719	4,048,008	10,406,252	12,693,720	12,178,785
19,862,147	25,416,987	30,395,628	31,237,909	50,206,055	36,469,747
27,529,253	29,921,317	36,678,544	45,425,272	45,819,720	71,695,010
180,793,560	189,694,947	205,750,233	231,110,717	251,999,803	272,494,108
63,143,175	69,151,941	74,134,249	77,095,912	81,282,909	90,131,576
1,995,491	2,121,261	2,157,258	2,218,876	3,592,614	3,734,117
194,727	983,589	1,057,806	19,006,176	19,269,762	19,932,152
-	-	-	111,544	2,079,804	-
2,190,218	3,104,850	3,215,064	21,336,596	24,942,180	23,666,269
37,657,454	47,291,346	61,047,974	54,700,557	58,419,253	64,991,436
102,990,847	119,548,137	138,397,287	153,133,065	164,644,342	178,789,281
196,545,335	203,508,584	212,810,310	231,543,448	237,256,937	254,460,927
5,339,591	7,966,529	7,086,151	6,390,178	7,058,198	7,225,010
12,231,819	16,722,589	20,050,130	29,973,309	33,220,161	36,179,660
871,227	-	2,426,403	5,804,766	22,176,156	4,552,561
3,609,728	3,832,719	4,048,008	10,406,252	12,693,720	12,178,785
22,052,365	28,521,837	33,610,692	52,574,505	75,148,235	60,136,016
65,186,707	77,212,663	97,726,518	100,125,829	104,238,973	136,686,446
\$ 283,784,407	\$ 309,243,084	\$ 344,147,520	\$ 384,243,782	\$ 416,644,145	\$ 451,283,389

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

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
Expenses						
Governmental Activities:						
General Government	\$ 12,398,443	\$ 10,948,663	\$ 11,148,210	\$ 13,160,153	\$ 13,153,262	\$ 15,017,456
Public Safety	20,927,444	20,363,836	21,750,059	23,578,262	23,214,380	25,463,111
Highways and Public Improvements	7,583,113	7,360,050	7,426,758	7,085,621	7,012,058	7,688,525
Parks, Recreation and Arts	8,415,399	8,448,553	8,704,800	9,471,883	10,561,367	9,613,483
Economic and Physical Development	815,708	513,855	867,172	950,630	1,504,742	887,655
Redevelopment	1,305,271	1,320,100	187,497	1,286,498	756,175	1,004,364
Interest on Long-term Debt	6,585,839	3,990,714	3,624,749	3,596,868	3,505,369	4,122,763
Total Governmental Activities Expenses	58,031,217	52,945,771	53,709,245	59,129,915	59,707,353	63,797,357
Business-type Activities:						
Water	10,765,320	10,460,803	10,335,616	11,021,079	12,570,988	13,361,446
Water Reclamation	6,597,101	6,268,592	6,716,546	6,723,394	7,117,138	7,517,084
Storm Water	2,401,066	2,444,269	2,460,540	2,371,647	2,567,634	2,837,289
Recreation	1,716,490	1,949,301	2,023,758	1,962,995	1,993,090	2,041,021
Solid Waste	3,207,627	3,139,688	3,174,442	3,283,310	3,617,304	3,764,859
Street Lighting	1,283,895	1,297,064	1,396,770	1,174,100	981,777	474,442
Total Business-type Activities Expenses	25,971,499	25,559,717	26,107,672	26,536,525	28,847,931	29,996,141
Total Primary Government Expenses	84,002,716	78,505,488	79,816,917	85,666,440	88,555,284	93,793,498
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	10,180,619	11,868,366	10,018,102	9,718,116	10,147,593	11,286,060
Public Safety	4,276,822	5,229,158	5,904,235	5,768,195	6,006,638	6,405,407
Parks, Recreation and Arts	856,832	751,427	936,415	2,008,377	1,495,408	1,506,624
All Others	76,768	118,984	117,234	186,321	332,034	350,681
Operating Grants and Contributions	1,271,755	1,332,898	1,333,496	1,195,663	1,537,093	1,392,846
Capital Grants and Contributions	2,413,909	4,017,121	2,789,074	3,171,938	3,876,983	5,246,807
Total Governmental Activities Program Revenues	19,076,705	23,317,954	21,098,556	22,048,610	23,395,749	26,188,425
Business-type Activities:						
Charges for Services:						
Water	13,201,526	13,425,701	13,336,792	15,547,544	18,355,800	18,934,096
Water Reclamation	7,520,706	8,007,161	7,281,870	8,619,099	9,678,758	11,519,137
Storm Water	3,103,768	3,170,615	3,451,551	4,001,972	4,350,123	4,775,819
Recreation	1,369,357	1,546,991	1,583,477	1,617,273	1,669,921	1,609,329
Solid Waste	3,369,722	3,400,359	3,515,859	3,571,929	3,692,573	3,845,141
Street Lighting	1,011,739	985,291	988,481	995,480	1,023,366	1,214,710
Capital Grants and Contributions	723,964	591,886	510,138	1,383,925	3,973,808	4,196,701
Total Business-type Activities Program Revenues	30,300,782	31,128,004	30,668,168	35,737,222	42,744,349	46,094,933
Total Primary Government Program Revenues	49,377,487	54,445,958	51,766,724	57,785,832	66,140,098	72,283,358
Net (Expense) Revenue						
Governmental Activities	(38,954,512)	(29,627,817)	(32,610,689)	(37,081,305)	(36,311,604)	(37,608,932)
Business-type Activities	4,329,283	5,568,287	4,560,496	9,200,697	13,896,418	16,098,792
Total Primary Government Net (Expense) Revenue	\$ (34,625,229)	\$ (24,059,530)	\$ (28,050,193)	\$ (27,880,608)	\$ (22,415,186)	\$ (21,510,140)
General Revenues and Other Changes in Net Position						
Governmental Activities:						
Taxes:						
Sales Taxes	19,818,967	20,727,557	21,405,733	22,750,706	24,361,704	24,944,421
Property Taxes	11,065,522	9,839,669	9,229,764	9,141,823	8,669,177	9,701,393
Franchise Taxes	7,956,780	7,698,687	7,853,723	7,894,110	7,961,936	7,887,332
Vehicle and Other Taxes	1,402,481	828,941	1,022,038	881,179	1,031,833	886,489
Unrestricted Investment Earnings & FMV Changes	421,721	402,246	688,384	603,500	778,978	2,289,679
Gain on Sale of Capital Assets	54,728	2,539,390	19,127	103,983	39,699	163,730
Transfers	500,649	532,903	403,187	202,230	715,990	637,275
Total Governmental Activities	41,220,848	42,569,393	40,621,956	41,577,531	43,559,317	46,510,319
Business-type Activities:						
Unrestricted Investment Earnings & FMV Changes	98,093	122,371	175,933	285,761	588,795	1,088,658
Gain (Loss) on Sale of Capital Assets	10,733	85,244	67,279	117,362	79,774	7,115
Transfers	(500,649)	(532,903)	(403,187)	(202,230)	(715,990)	(637,275)
Total Business-type Activities	(391,823)	(325,288)	(159,975)	(200,883)	(47,421)	458,498
Total Primary Government	40,829,025	42,244,105	40,461,981	41,778,414	43,511,896	46,968,817
Change in Net Position						
Governmental Activities	2,266,336	12,941,576	8,011,267	4,496,226	7,247,713	8,901,387
Business-type Activities	3,937,460	5,242,999	4,400,521	9,401,580	13,848,997	16,557,290
Total Primary Government	\$ 6,203,796	\$ 18,184,575	\$ 12,411,788	\$ 13,897,806	\$ 21,096,710	\$ 25,468,677

Fiscal Year			
2020	2021	2022	2023
\$ 15,221,971	\$ 16,072,497	\$ 15,691,209	\$ 17,353,662
26,294,148	26,234,854	27,353,214	31,972,307
7,573,688	7,296,421	8,187,834	10,011,076
8,734,158	4,444,646	8,910,111	11,506,408
709,334	1,068,973	1,204,626	977,831
1,258,821	1,151,383	1,334,386	1,379,413
4,732,568	4,571,442	4,589,160	4,609,304
64,524,688	60,840,216	67,270,540	77,810,001
13,039,211	14,956,163	15,541,478	15,840,176
7,540,672	7,918,906	8,309,770	9,883,718
3,119,773	3,016,483	3,261,027	3,822,402
1,258,441	2,311,074	2,725,743	3,441,292
4,277,997	4,227,392	4,241,603	4,503,974
481,587	469,325	522,488	539,513
29,717,681	32,899,343	34,602,109	38,031,075
94,242,369	93,739,559	101,872,649	115,841,076
10,198,818	10,747,410	11,824,143	11,344,837
7,804,339	7,568,475	8,211,979	9,116,192
240,568	2,318,692	1,877,951	1,767,350
1,467,081	397,409	348,703	301,159
6,228,568	3,753,790	1,930,767	1,978,824
4,513,950	6,270,294	5,725,996	8,586,537
30,453,324	31,056,070	29,919,539	33,084,899
20,821,417	20,341,587	17,818,803	17,850,697
13,070,784	12,591,825	12,986,274	13,534,149
5,050,924	5,300,968	5,515,349	5,680,634
746,080	1,159,731	3,142,844	3,501,688
4,098,072	4,370,759	4,624,294	4,958,142
914,292	1,055,657	1,069,000	991,843
3,179,941	3,754,528	2,212,406	3,372,652
47,881,510	48,575,055	47,368,970	49,889,806
78,334,834	79,631,125	77,288,509	82,974,704
(34,071,364)	(29,784,146)	(37,351,001)	(44,725,102)
18,163,829	15,675,712	12,766,861	11,858,730
\$ (15,907,535)	\$ (14,108,434)	\$ (24,584,140)	\$ (32,866,372)
28,151,590	33,250,164	37,803,119	38,097,180
10,432,989	10,598,204	10,258,353	10,593,899
7,865,944	7,923,070	8,088,605	8,864,571
965,636	846,548	961,419	1,005,039
2,060,562	432,708	(929,890)	4,804,033
323,466	594,136	253,679	157,676
326,463	1,499,800	1,804,802	1,697,009
50,126,650	55,144,630	58,240,087	65,219,407
1,037,245	527,587	134,781	3,939,237
(25,461)	32,279	414,437	43,981
(326,463)	(1,499,800)	(1,804,802)	(1,697,009)
685,321	(939,934)	(1,255,584)	2,286,209
50,811,971	54,204,696	56,984,503	67,505,616
16,055,286	25,360,484	20,889,086	20,494,305
18,849,150	14,735,778	11,511,277	14,144,939
\$ 34,904,436	\$ 40,096,262	\$ 32,400,363	\$ 34,639,244

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 146,343	\$ 70,707	\$ 57,122	\$ 51,517
Restricted	5,554,462	6,057,938	6,484,410	7,292,911
Committed	75,000	-	-	-
Assigned	1,893,107	3,125,711	3,562,553	2,844,275
Unassigned	10,073,358	12,747,875	11,474,137	12,829,323
Total General Fund	<u>17,742,270</u>	<u>22,002,231</u>	<u>21,578,222</u>	<u>23,018,026</u>
All Other Governmental Funds				
Nonspendable	-	-	-	1,000
Restricted	13,522,006	14,340,319	13,653,867	10,416,729
Committed	-	-	5,380,123	-
Assigned	2,380,417	6,546,914	11,071,273	12,327,020
Total All Other Governmental Funds	<u>15,902,423</u>	<u>20,887,233</u>	<u>30,105,263</u>	<u>22,744,749</u>
Total Governmental Funds				
Nonspendable	146,343	70,707	57,122	52,517
Restricted	19,076,468	20,398,257	20,138,277	17,709,640
Committed	75,000	-	5,380,123	-
Assigned	4,273,524	9,672,625	14,633,826	15,171,295
Unassigned	10,073,358	12,747,875	11,474,137	12,829,323
Total Governmental Funds	<u>\$ 33,644,693</u>	<u>\$ 42,889,464</u>	<u>\$ 51,683,485</u>	<u>\$ 45,762,775</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 42,132	\$ 36,328	\$ 49,995	\$ 413,604	\$ 47,512	\$ 34,497
8,333,431	8,673,237	8,722,475	10,183,252	12,133,985	12,310,124
-	-	-	-	-	-
3,559,271	4,836,744	10,203,415	11,110,974	10,888,833	11,063,811
13,449,103	13,948,108	12,376,113	18,424,509	22,036,611	27,459,994
25,383,937	27,494,417	31,351,998	40,132,339	45,106,941	50,868,426
-	-	-	-	-	-
10,615,357	42,158,789	30,145,964	14,860,840	17,897,547	19,553,148
-	-	-	-	-	-
13,678,638	17,592,552	19,204,402	21,354,261	26,491,996	28,482,809
24,293,995	59,751,341	49,350,366	36,215,101	44,389,543	48,035,957
42,132	36,328	49,995	413,604	47,512	34,497
18,948,788	50,832,026	38,868,439	25,044,092	30,031,532	31,863,272
-	-	-	-	-	-
17,237,909	22,429,296	29,407,817	32,465,235	37,380,829	39,546,620
13,449,103	13,948,108	12,376,113	18,424,509	22,036,611	27,459,994
\$ 49,677,932	\$ 87,245,758	\$ 80,702,364	\$ 76,347,440	\$ 89,496,484	\$ 98,904,383

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
Taxes and Special Assessments	\$ 40,004,715	\$ 43,549,348	\$ 39,473,431	\$ 40,804,822	\$ 41,982,483
Licenses and Permits	1,437,173	2,524,794	1,745,483	1,815,943	1,813,030
Intergovernmental	3,685,664	5,350,019	4,122,570	4,367,601	5,326,785
Charges for Services	6,387,452	7,624,838	7,671,801	7,944,803	8,049,206
Fines and Forfeitures	1,587,870	1,792,829	1,588,994	1,699,609	1,839,251
Charges for Services - Other Funds	4,498,406	4,042,299	3,666,672	3,739,141	4,283,205
Impact Fees	-	-	-	-	87,291
Investment Earnings	420,619	397,648	450,902	649,422	963,012
Miscellaneous Revenue	1,557,414	1,587,285	1,670,552	2,254,504	1,887,641
Total Revenues	59,579,313	66,869,060	60,390,405	63,275,845	66,231,904
Expenditures					
General Government	11,609,569	11,539,358	12,143,760	12,810,872	13,245,295
Public Safety	19,951,315	19,847,226	21,144,586	21,752,711	22,539,915
Highways and Public Improvements	2,934,326	2,828,824	2,922,708	3,029,415	3,053,824
Parks, Recreation and Arts	7,016,106	7,485,247	7,512,284	7,593,094	7,465,177
Economic and Physical Development	707,759	886,236	788,526	862,478	1,056,219
Redevelopment	1,215,842	1,231,600	99,182	1,195,421	761,151
Debt Service:					
Principal Retirement	3,814,621	5,486,955	4,369,370	3,515,873	3,095,833
Interest and Fiscal Charges	6,706,815	4,201,272	3,802,678	3,554,590	3,473,151
Lease Payments - Principal	108,318	108,376	114,173	109,494	546,506
Lease Payments - Interest	10,218	9,177	7,037	4,540	311,092
Capital Outlay	7,180,569	7,573,606	6,044,338	15,109,224	7,426,441
Total Expenditures	61,255,458	61,197,877	58,948,642	69,537,712	62,974,604
Excess of Revenues over (under) Expenditures	(1,676,145)	5,671,183	1,441,763	(6,261,867)	3,257,300
Other Financing Sources (Uses)					
Issuance of Bonds & Other Debt	-	10,174,331	-	2,898,000	-
Investments - FMV Change	-	-	240,135	(46,686)	(186,953)
Payment to Bond Refunding Agent	-	(9,792,760)	-	(2,861,199)	-
Proceeds from Asset Disposals	107,760	42,869	19,127	103,983	77,614
Proceeds from Lease Relinquishments	-	2,500,000	-	-	-
Leases	26,454	64,113	6,739,000	-	-
Transfers In	7,452,857	11,483,900	12,998,035	11,857,495	13,220,391
Transfers Out	(6,952,208)	(10,898,865)	(12,644,039)	(11,610,436)	(12,453,195)
Total Other Financing Sources (Uses)	634,863	3,573,588	7,352,258	341,157	657,857
Net Change in Fund Balances	\$ (1,041,282)	\$ 9,244,771	\$ 8,794,021	\$ (5,920,710)	\$ 3,915,157
Debt Service as a percentage of Noncapital Expenditures	19.2%	17.7%	15.3%	12.8%	12.8%

Fiscal Year				
2019	2020	2021	2022	2023
\$ 43,735,686	\$ 47,401,515	\$ 52,702,373	\$ 57,116,443	\$ 58,544,226
2,564,527	1,661,515	2,047,433	2,293,007	1,654,707
4,827,536	9,989,011	9,006,531	6,026,663	10,195,381
8,912,692	8,702,243	9,727,927	10,359,796	10,553,550
1,736,445	1,386,474	1,219,631	1,386,493	1,537,815
4,813,925	5,039,118	4,761,991	5,200,482	5,523,217
1,812,117	753,507	1,017,553	1,630,100	369,980
1,875,112	1,947,110	493,006	551,304	4,415,828
1,362,254	1,816,174	2,692,884	2,312,314	2,337,375
71,640,294	78,696,667	83,669,329	86,876,602	95,132,079
14,378,024	14,730,287	15,264,157	15,579,725	16,987,348
23,577,274	24,553,748	25,742,327	28,681,857	31,432,204
3,195,426	3,226,153	3,214,068	3,220,509	3,803,027
7,889,131	7,940,137	8,155,277	8,864,969	9,046,919
792,306	601,842	837,027	1,070,331	724,944
911,069	913,706	1,051,628	1,229,620	1,190,792
1,820,799	1,527,961	1,432,255	1,358,000	1,328,000
3,694,732	4,935,277	4,639,423	4,666,394	4,698,223
426,000	435,000	444,000	455,000	465,000
126,221	117,353	108,284	99,043	89,589
6,743,546	27,476,266	29,124,011	9,275,938	17,994,498
63,554,528	86,457,730	90,012,457	74,501,386	87,760,544
8,085,766	(7,761,063)	(6,343,128)	12,375,216	7,371,535
28,209,763	-	-	-	-
411,523	114,352	(62,113)	(1,480,830)	384,629
-	-	-	-	-
155,055	704,035	594,136	372,664	183,936
-	-	-	-	-
-	-	-	-	-
14,702,520	12,071,658	14,840,756	12,610,080	12,073,370
(13,996,801)	(11,672,376)	(13,384,575)	(10,728,086)	(10,527,348)
29,482,060	1,217,669	1,988,204	773,828	2,114,587
\$ 37,567,826	\$ (6,543,394)	\$ (4,354,924)	\$ 13,149,044	\$ 9,486,122

10.0%

11.6%

11.3%

9.8%

9.1%

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

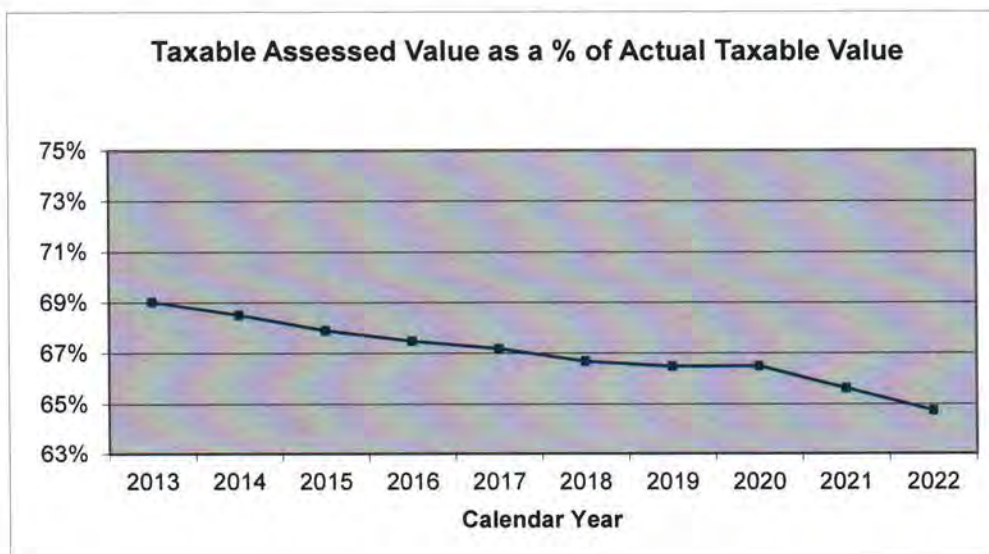
Calendar Year ¹	Taxable Assessed Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
2013	\$ 2,372,218,303	\$ 4,459,944	\$ 1,455,891,528	\$ 528,035	\$ 127,808,953
2014	2,625,764,385	7,388,684	1,540,311,362	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
2022	6,519,901,239	107,515,500	2,652,616,697	1,698,417	246,538,295

Source: Utah State Tax Commission - Property Tax Division

Notes: Property in the City of Orem is reassessed once every five years, on average. The county assesses property at approximately 55 percent of actual value for residential property and 100 percent of actual value for all other categories. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages.

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

Personal Property	Fee in Lieu Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 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%
401,082,950	38,740,983	9,968,094,081	0.000925	15,390,525,958	64.77%



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

Calendar Year ²	City of Orem Direct Rates			Overlapping Rates ¹				Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem	
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
2022	0.000677	0.000248	0.000925	0.005724	0.000787	0.000400	0.000018	0.007854

Source: Utah State Tax Commission - Property Tax Division

Notes: The City's basic property tax rate is primarily increased by: 1) a majority vote of the City Council after holding public hearings, 2) the approval of general obligation debt by a majority of the City's residents, 3) through a judgment levy due to a court ordered reduction to an entity(s) property tax, and 4) the overall assessed property values of the City's residents are reduced by the County Assessor. Rates for debt service are set based on each year's requirements. The tax rate is applied directly to the taxable value of the property.

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

² Taxes are collected and reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.



City of Orem
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Calendar Year 2022			Calendar Year 2013		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
University Place	\$ 270,774,600	1	2.72%	\$ 116,188,775	1	2.68%
Woodtusk LLC	101,220,800	2	1.02%	----		----
Pacificorp	77,654,863	3	0.78%	48,425,636	3	1.12%
TCU Properties	76,748,900	4	0.77%	57,268,400	2	1.32%
Midtown360 LLC	76,208,600	5	0.76%	----		----
Parkway Lofts LLC	52,668,000	6	0.53%	----		----
Timpanogos Regional Hospital	52,501,000	7	0.53%	41,727,750	4	0.96%
Dominion Energy	50,542,292	8	0.51%	19,987,882	7	0.46%
Pinnacle Apartments	45,569,400	9	0.46%	23,161,500	5	0.53%
Wolverine Crossing LLC	35,744,400	11	0.36%	21,025,200	6	0.49%
University Crossing Shopping Ctr	33,811,900	10	0.34%	19,833,900	8	0.46%
Carillon Square LLC	31,365,900	12	0.31%	----		----
Boyer Lake Point Shopping Ctr	----		----	16,209,400	9	0.37%
Retail Trust III (Walmart)	----		----	15,672,200	10	0.36%
Dickson Properties LLC	----		----	15,458,900	11	0.36%
CenturyLink (Qwest Corp.)	----		----	14,691,739	12	0.34%
Total	<u>\$ 904,810,655</u>		<u>9.08%</u>	<u>\$ 409,651,282</u>		<u>9.45%</u>

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

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

Calendar Year ¹	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections by Tax Levy Year	Total Tax Collections
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%	399,711	7,140,433
2019	7,480,867	6,825,355	91.24%	553,957	7,379,312
2020	7,297,759	6,667,581	91.36%	486,535	7,154,116
2021	8,448,992	7,789,321	92.19%	549,953	8,339,274
2022	9,365,797	8,775,062	93.69%	445,363	9,220,425

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

Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes by Tax Levy Year	Ratio of Outstanding Delinquent Taxes to Total Tax Levy
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%	111,570	1.54%
98.64%	101,555	1.36%
98.03%	143,643	1.97%
98.70%	109,718	1.30%
98.45%	145,372	1.55%

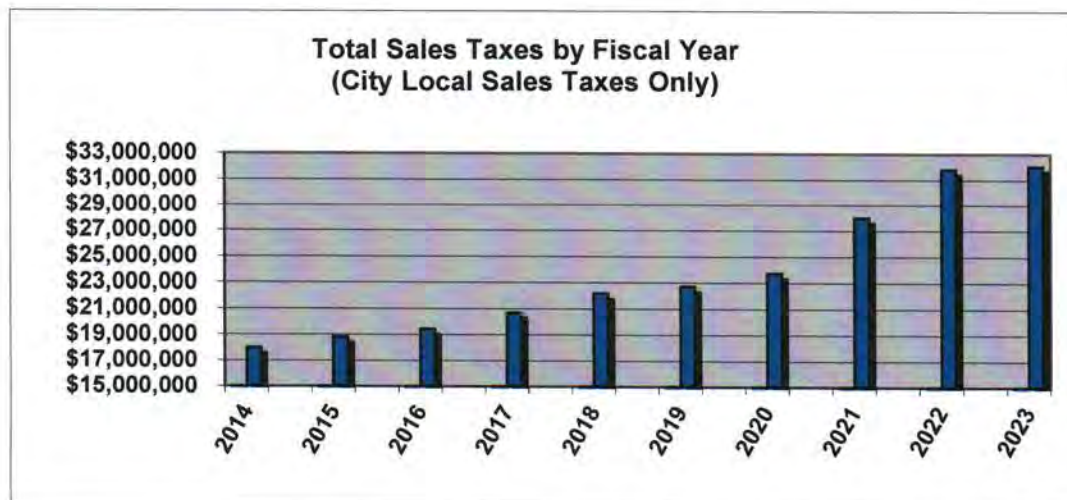
City of Orem
Sales Taxes by Category
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
General Merchandise and Groceries	\$ 5,140,689	\$ 5,277,987	\$ 5,333,279	\$ 5,637,951
Building Materials, Hardware, and Tools	1,661,997	1,801,399	1,952,417	2,299,711
Auto Dealers, Supplies, and Accessories	2,874,555	2,899,382	2,979,991	3,151,370
Home Furnishings, Appliances, & Electronics	1,685,399	1,786,258	1,822,364	1,964,207
Eating and Drinking Establishments	1,168,448	1,245,543	1,314,508	1,499,483
Clothing, Apparel, and Accessories	1,464,384	1,528,112	1,573,936	1,552,018
Professional Equipment and Supplies	1,378,551	1,429,657	1,526,283	1,554,830
Arts, Crafts, and Specialty Items	322,670	359,128	382,199	377,497
Amusement and Recreation	578,775	650,710	656,716	674,845
All Other Categories	1,732,104	1,852,879	1,921,222	2,002,205
Subtotal - City Local Sales Tax	18,007,572	18,831,055	19,462,915	20,714,117
Cultural Arts & Recreation Enhancement (CARE)	1,811,395	1,888,230	1,934,153	2,028,528
Transportation Infrastructure	-	-	-	-
Mass Transit - Additional	-	8,272	8,665	8,062
Total City Sales Taxes	<u>\$ 19,818,967</u>	<u>\$ 20,727,557</u>	<u>\$ 21,405,733</u>	<u>\$ 22,750,707</u>
Total City Sales Tax Rate ¹	1.10%	1.10%	1.10%	1.10%
% Increase (Decrease) from prior year, All	4.62%	4.58%	3.27%	6.28%
% Increase (Decrease) from prior year, City Local Sales Tax Only	4.49%	4.57%	3.36%	6.43%

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

¹ See sales tax rate breakdown on page 166 for additional information regarding this rate.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,934,245	\$ 6,105,107	\$ 6,578,582	\$ 7,702,422	\$ 8,537,418	\$ 9,127,774
2,585,913	3,028,016	3,479,383	4,340,120	5,847,938	5,429,978
3,410,522	3,694,537	3,802,737	4,575,230	5,065,673	4,855,945
2,101,318	2,082,860	1,807,145	2,189,728	2,320,240	2,112,631
1,749,330	1,809,424	1,664,412	1,859,596	2,164,765	2,304,527
1,582,714	1,299,340	1,129,901	1,260,997	1,322,187	1,324,718
1,596,802	1,602,008	1,893,016	2,198,583	2,440,416	2,505,776
387,574	358,450	367,346	476,918	563,281	555,672
683,181	726,998	743,740	870,486	967,075	987,592
2,166,357	2,027,097	2,270,648	2,529,869	2,559,786	2,856,234
22,197,956	22,733,837	23,736,910	28,003,949	31,788,779	32,060,847
2,163,259	2,208,004	2,284,064	2,741,633	3,152,288	3,143,029
-	-	2,129,802	2,503,967	2,861,927	2,893,782
489	2,580	814	617	124	(479)
<u>\$ 24,361,704</u>	<u>\$ 24,944,421</u>	<u>\$ 28,151,590</u>	<u>\$ 33,250,166</u>	<u>\$ 37,803,118</u>	<u>\$ 38,097,179</u>
1.10%	1.10%	1.20%	1.20%	1.20%	1.20%
7.08%	2.39%	12.86%	18.11%	13.69%	0.78%
7.16%	2.41%	4.41%	17.98%	13.52%	0.86%



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

Fiscal Year 2023				
	Number	Percentage	Local	Percentage
	of Filers	of Total	Sales Tax	of Total
			Revenue	
General Merchandise and Groceries	1,971	20.42%	\$ 9,127,774	28.47%
Building Materials, Hardware, and Tools	551	5.71%	\$ 5,429,978	16.94%
Auto Dealers, Supplies, and Accessories	506	5.24%	\$ 4,855,945	15.15%
Home Furnishings, Appliances, & Electronics	359	3.72%	\$ 2,112,631	6.59%
Eating and Drinking Establishments	363	3.76%	\$ 2,304,527	7.19%
Clothing, Apparel, and Accessories	581	6.02%	\$ 1,324,718	4.13%
Professional Equipment and Supplies	1,740	18.03%	\$ 2,505,776	7.82%
Arts, Crafts, and Specialty Items	558	5.78%	\$ 555,672	1.73%
Amusement and Recreation	535	5.54%	\$ 987,592	3.08%
All Other Categories	2,486	25.76%	\$ 2,856,234	8.91%
Total	9,650	100.00%	\$ 32,060,847	100.00%

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

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 2023			Fiscal Year 2014		
	Local Sales Taxes ¹	Rank	Percentage of Total Local Sales Taxes ¹	Local Sales Taxes ¹	Rank	Percentage of Total Local Sales Taxes ¹
Costco Wholesale Corporation	N/A	1	N/A	N/A	1	N/A
Amazon.com Services LLC	N/A	2	N/A	----		----
Wal-Mart Supercenter	N/A	3	N/A	N/A	2	N/A
Mountainland Supply Company	N/A	4	N/A	----		----
Brent Brown Toyota	N/A	5	N/A	N/A	4	N/A
Target	N/A	6	N/A	N/A	3	N/A
Winco Foods	N/A	7	N/A	N/A	9	N/A
RC Willey Home Furnishings	N/A	8	N/A	N/A	7	N/A
Ken Garff Honda of Orem	N/A	9	N/A	N/A	12	N/A
Pacificorp (Utah Power & Light)	N/A	10	N/A	N/A	5	N/A
Builders First Source	N/A	11	N/A	----		----
USTC - Motor Vehicles	N/A	12	N/A	----		----
U.S. Synthetic Corporation	----		----	N/A	6	N/A
Doterra	----		----	N/A	8	N/A
Ken Garff Nissan of Orem	----		----	N/A	10	N/A
Ken Garff Motors	----		----	N/A	11	N/A
Total	<u>\$ 9,479,111</u>		<u>29.57%</u>	<u>\$ 5,545,812</u>		<u>30.80%</u>

Source: Utah State Tax Commission.

¹ 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 Direct Rate	City Cultural Arts & Rec Rate ¹	City Transportation Infrastructure Rate ²	Total City Direct Rate
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
2023	1.00	0.10	0.10	1.20

Overlapping Sales Tax Rates							
Fiscal Year	County Direct Rate	County Transportation Infrastructure Rate ²	County Mass Transit Rate	County Airport, Highway, & Public Transit Rate	State Direct Rate ³	State Mass Transit Rate	Total Sales Tax Rate ⁴
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
2023	0.25	0.15	0.30	0.25	4.85	0.25	7.25

Source: Utah State Tax Commission

¹ This additional sales tax rate, titled CARE tax, was voted on by the citizens of Orem and went into effect on April 1, 2006. It was reauthorized by citizen vote in November 2013 to continue for another ten years.

² This 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.

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

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

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

Water & Storm Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses ¹	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2023	22,111,026	14,358,505	7,752,521	1,519,000	273,090	4.33

Water, Sewer & Storm Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses ¹	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
2023	34,362,791	21,362,776	13,000,015	1,244,000	1,222,300	5.27

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

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

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

Governmental Activities							
Fiscal Year	General Obligation Bonds	G.O. Bonds Issuance Premiums	Special Assessment Bonds	Sales Tax Revenue Bonds	Franchise Tax Revenue Bonds	Revenue Bonds Issuance Premiums	Notes Payable
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
2023	26,630,000	3,255,208	-	-	-	-	289,930

Business-type Activities					
Fiscal Year	Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Water, Sewer & Storm Swr Revenue Bonds	Revenue Bonds Issuance Premiums	Total Business-type Activities
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
2023	-	8,429,000	34,025,000	6,244,117	48,698,117

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

Governmental Activities

Leases	Total Governmental Activities
\$ 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
4,206,476	34,381,614

Total Primary Government

Total Primary Government	Percentage of Personal Income	Direct City Debt Per Capita
\$ 60,138,665	3.47%	\$667
52,903,580	3.47	571
53,107,537	2.87	566
47,459,120	2.71	502
41,715,900	2.26	434
65,534,585	1.88	673
61,180,456	2.72	623
92,578,379	2.38	937
88,109,212	3.29	888
83,079,731	2.97	872

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

Fiscal Year	Population ¹	Taxable Assessed Value	Gross Bonded Debt	Debt Service Monies Available ²	Net Bonded Debt	Ratio of Net Bonded Debt To Taxable Assessed Value	Net Bonded Debt Per Capita
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
2023	95,230	9,968,094,081	29,885,208	1,191,873	28,693,335	0.29	301

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

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

City of Orem
Direct and Overlapping Governmental Activities Debt
June 30, 2023
(Unaudited)

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to the Citizens of the City of Orem ¹	Amount Applicable to the Citizens of the City of Orem
Direct Debt:			
City of Orem	\$ 34,381,614	100.0000%	\$ 34,381,614
Overlapping Debt:			
Alpine School District	380,000,000	18.6049%	70,698,748
Utah County	-	13.1379%	-
Central Utah Water Conservancy District	123,254,854	3.6616%	4,513,143
Total Overlapping Debt	503,254,854		75,211,891
Total Direct and Overlapping Debt	<u><u>\$ 537,636,468</u></u>		<u><u>\$ 109,593,505</u></u>
Total Direct and Overlapping Debt Per Capita			<u><u>\$ 1,151</u></u>

Sources: Assessed value data used to calculate applicable percentages was provided by the Utah State Tax Commission.

Notes: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Orem. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident (and therefore responsible for repaying the debt) of each overlapping government.

¹ This percentage uses taxable assessed property values. Applicable percentages were calculated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Orem
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
<u>General Purposes (4%)</u>				
Debt Limit	\$ 251,140,417	\$ 273,693,527	\$ 290,709,109	\$ 313,847,899
Total Net Debt Applicable to Limit	(15,781,433)	(8,722,156)	(7,964,651)	(7,964,651)
Legal Debt Margin	<u>\$ 235,358,984</u>	<u>\$ 264,971,371</u>	<u>\$ 282,744,458</u>	<u>\$ 305,883,248</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	6.28%	3.19%	2.74%	2.54%
<u>Water, Sewer, & Lighting (4%)</u>				
Debt Limit	\$ 251,140,417	\$ 273,693,527	\$ 290,709,109	\$ 313,847,899
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 251,140,417</u>	<u>\$ 273,693,527</u>	<u>\$ 290,709,109</u>	<u>\$ 313,847,899</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%
<u>Total (8%)</u>				
Debt Limit	\$ 502,280,834	\$ 547,387,054	\$ 581,418,218	\$ 627,695,798
Total Net Debt Applicable to Limit	(15,781,433)	(8,722,156)	(7,964,651)	(7,964,651)
Legal Debt Margin	<u>\$ 486,499,401</u>	<u>\$ 538,664,898</u>	<u>\$ 573,453,567</u>	<u>\$ 619,731,147</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	3.14%	1.59%	1.37%	1.27%

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

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 341,392,514	\$ 372,228,481	\$ 408,651,401	\$ 440,092,724	\$ 479,529,626	\$ 615,621,038
(6,845,998)	(30,859,318)	(30,776,601)	(30,392,111)	(29,964,965)	(28,693,335)
<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>	<u>\$ 586,927,703</u>
2.01%	8.29%	7.53%	6.91%	6.25%	4.66%
\$ 341,392,514	\$ 372,228,481	\$ 408,651,401	\$ 440,092,724	\$ 479,529,626	\$ 615,621,038
-	-	-	-	-	-
<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>	<u>\$ 615,621,038</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 682,785,028	\$ 744,456,962	\$ 817,302,802	\$ 880,185,448	\$ 959,059,252	\$ 1,231,242,076
(6,845,998)	(30,859,318)	(30,776,601)	(30,392,111)	(29,964,965)	(28,693,335)
<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>	<u>\$ 1,202,548,741</u>
1.00%	4.15%	3.77%	3.45%	3.12%	2.33%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Valuations:

Taxable Value	<u>\$ 9,968,094,081</u>
Estimated Market Value	<u>\$ 15,390,525,958</u>

Legal Debt Margin:

Debt Limitation - 8% of Estimated Market Value ¹	\$ 1,231,242,077
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Debt Applicable to Limitation:

Total General Obligation Bonded Debt	\$ (29,885,208)
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Less:

Assets in Debt Service Funds Available

for payment of Principal ²	<u>1,191,873</u>
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Total Debt Applicable to Limitation	(28,693,335)
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Legal Debt Margin	<u>\$ 1,202,548,742</u>
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City of Orem
Long-term Bonded Indebtedness Paid By Primary Government
Schedule of Bonded Indebtedness
June 30, 2023
(Unaudited)

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Term of Bonds</u>	<u>Annual Terms of Serial Bonds</u>
Governmental Activities:				
General Obligation Bonds:				
Series 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				
Business-type Activities:				
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 06/30/23	Retired Year Ended 06/30/23	Expense Year Ended 06/30/23	Payable In Future Years
\$ 9,645,000	\$ 2,130,000	\$ 1,000,000	\$ 71,312	\$ 56,250
\$ 24,500,000	<u>24,500,000</u>	<u>-</u>	<u>1,188,113</u>	<u>19,244,658</u>
	<u>26,630,000</u>	<u>1,000,000</u>	<u>1,259,425</u>	<u>19,300,908</u>
\$ 2,898,000	-	253,000	4,908	-
	-	253,000	4,908	-
	<u>26,630,000</u>	<u>1,253,000</u>	<u>1,264,333</u>	<u>19,300,908</u>
\$ 3,000,000	508,000	164,000	9,946	15,111
\$ 12,801,000	3,941,000	1,255,000	99,594	129,134
\$ 4,380,000	3,980,000	100,000	163,550	652,725
\$ 29,320,000	28,670,000	650,000	1,222,300	16,341,775
\$ 6,543,000	5,355,000	594,000	-	-
	<u>42,454,000</u>	<u>2,763,000</u>	<u>1,495,390</u>	<u>17,138,745</u>
	<u>42,454,000</u>	<u>2,763,000</u>	<u>1,495,390</u>	<u>17,138,745</u>
	<u>\$ 69,084,000</u>	<u>\$ 4,016,000</u>	<u>\$ 2,759,723</u>	<u>\$ 36,439,653</u>

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

	Fiscal Year		
	2021	2022	2023
Governmental Activities:			
Compensated Absences	\$ 2,397,724	\$ 2,597,198	\$ 2,769,798
Total Pension Liabilities	3,163,175	-	5,579,775
Claims and Judgments	901,538	2,165,465	1,698,563
Other Post-employment Benefits (OPEB)	89,063	61,379	61,720
Total Governmental Activities	<u>6,551,500</u>	<u>4,824,042</u>	<u>10,109,856</u>
Business-type Activities:			
Compensated Absences	396,024	322,981	412,281
Total Pension Liabilities	<u>167,056</u>	-	<u>544,740</u>
Total Business-type Activities	<u>563,080</u>	<u>322,981</u>	<u>957,021</u>
Primary Government:			
Compensated Absences	2,793,748	2,920,179	3,182,079
Total Pension Liabilities	3,330,231	-	6,124,515
Claims and Judgments	901,538	2,165,465	1,698,563
Other Post-employment Benefits (OPEB)	89,063	61,379	61,720
Total Primary Government	<u>\$ 7,114,580</u>	<u>\$ 5,147,023</u>	<u>\$ 11,066,877</u>

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

Fiscal Year	Population ¹	Households ²	Personal Income	Per Capita Personal Income ²	Per Household Personal Income
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	2,963,847,405	29,879	90,988
2023	95,230	32,880	2,902,284,713	30,477	88,269

Fiscal Year	Median Age	City Unemployment Rate	K-12 Student Population ³	UVU FTE Student Population ⁴
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
2023	27.3	2.80	14,579	27,646

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

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

³ Data was provided by the Alpine School District.

⁴ 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 ¹

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%
TOTAL	98,129	100.00%	48,621	49.55%	49,508	50.45%

¹ 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 2023			Fiscal Year 2014		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	3,030	1	5.94%	2,403	1	7.47%
Alpine School District	1,222	2	2.40%	1,302	2	4.05%
City of Orem	569	3	1.12%	517	5	1.61%
Timpanogos Regional Hospital	507	4	0.99%	478	7	1.49%
Avretta, LLC	500	5	0.98%	----		----
Wal-Mart	499	6	0.98%	380	9	1.18%
Target Stores	409	7	0.80%	----		----
United Parcel Service, Inc.	360	8	0.71%	----		----
Costco Wholesale Corporation	350	9	0.69%	----		----
U.S. Synthetic Corporation	347	10	0.68%	796	3	2.47%
Convergys Corporation	----		----	590	4	1.83%
Xactware Solutions, Inc.	----		----	507	6	1.58%
Clearlink Technologies, LLC	----		----	425	8	1.32%
K-Tec, Inc.	----		----	323	10	1.00%
Total	<u>7,793</u>		<u>15.28%</u>	<u>7,721</u>		<u>23.99%</u>

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

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

	Fiscal Year			
	2014	2015	2016	2017
General Government	107	105	113	122
Public Safety:				
Police Protection	130	133	135	137
Fire Protection	68	68	67	68
Highways and Public Improvements	0	0	0	0
Parks and Recreation:				
Parks and Recreation	35	36	32	33
Library	45	46	44	46
Cemetery	5	5	5	5
Economic and Physical Development	4	3	3	3
Water	27	26	26	24
Water Reclamation	30	30	27	30
Storm Water	11	11	11	11
Recreation	53	54	54	54
Street Lighting	2	2	2	2
Total	517	519	519	535

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					
2018	2019	2020	2021	2022	2023
124	129	130	133	131	138
134	134	139	144	139	127
67	68	67	71	72	82
0	0	0	1	1	2
33	32	33	32	29	31
46	44	45	47	48	49
4	5	5	5	5	5
3	2	3	3	3	2
29	30	30	31	29	29
30	29	29	27	26	26
12	12	12	13	12	12
54	50	32	44	63	63
2	3	3	3	3	3
538	538	528	554	561	569

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General Government:					
Building Permits Issued	1,064	1,301	1,429	1,518	1,473
Public Safety:					
Police Protection:					
Physical Arrests	3,335	3,621	3,842	4,145	4,277
Traffic Citations	18,116	12,487	12,064	12,022	15,616
Fire Protection:					
Emergency Responses	8,105	9,448	10,442	10,471	6,726
Ambulance Transports	2,461	2,709	2,963	2,949	3,099
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	4,725	4,332	4,060	3,633	3,771
Concrete Used - Sidewalks (Yards)	821	805	750	575	818
Parks and Recreation:					
Recreation Programs Participants	12,984	12,486	12,702	13,974	12,915
Library - Volumes in Collection (approx.)	329,204	366,500	374,190	368,754	390,030
Cemetery - Interments	322	323	333	344	352
Economic and Physical Development:					
Public Service Organizations Assisted	16	16	22	16	16
Housing Rehab/RLF Loans/Grants Added	6	4	2	5	2
Major Project Improvements Completed	0	2	0	0	2
Water:					
Number of Consumers	22,176	22,492	22,771	22,949	23,103
Average Daily Consumption (MGD)	24.7	24.7	24.5	25.1	25.0
Water Reclamation:					
Number of Service Connections	23,232	23,670	23,923	24,422	24,647
Average Daily Treated (MGD)	7.9	7.9	8.2	8.6	8.6
Storm Water:					
Number of Sumps Added (Removed)	3	0	1	2	31
New Infrastructure (Feet)	0	250	450	0	3,168
Recreation:					
Fitness Center Admissions	353,657	304,020	326,726	361,575	370,350
Fitness Center Class Participants	5,051	3,188	2,596	2,822	3,573
Scera Park Pool Admissions	39,286	47,785	42,434	40,517	51,051
Scera Park Pool Class Participants	2,912	2,786	1,360	1,481	1,559
Solid Waste:					
Annual Waste Tonnage	28,503	27,636	29,008	28,986	28,942
Avg Annual Waste per Household (Tons)	1.36	1.38	1.46	1.45	1.44
Street Lighting:					
Number of Street Lights Added	29	13	36	409	10

Source: Various city departments

Fiscal Year				
2019	2020	2021	2022	2023
1,190	1,423	1,508	1,541	1,501
3,539	3,604	2,766	2,799	2,827
12,174	8,768	8,673	10,245	8,151
6,680	6,361	6,893	6,494	7,380
2,972	2,813	3,055	3,472	3,046
3,077	3,613	3,378	3,858	2,818
551	670	579	671	556
12,559	6,818	9,927	11,442	10,204
407,744	472,283	481,130	479,616	480,643
323	319	386	434	354
17	10	16	18	8
2	8	10	5	4
0	2	2	0	1
23,517	23,811	24,177	24,363	24,398
23.1	25.0	24.7	19.7	17.4
24,970	25,065	25,137	25,225	25,266
8.5	8.3	8.0	8.0	8.0
(7)	(16)	87	40	6
3,167	6,600	370	7,950	7,181
345,929	200,733	153,502	448,288	443,505
3,421	2,957	3,584	6,389	10,866
40,444	63,060	62,730	61,242	61,004
1,255	1,176	1,401	1,773	1,630
27,409	28,258	29,390	30,093	31,704
1.35	1.39	1.41	1.44	1.48
412	39	197	12	42

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

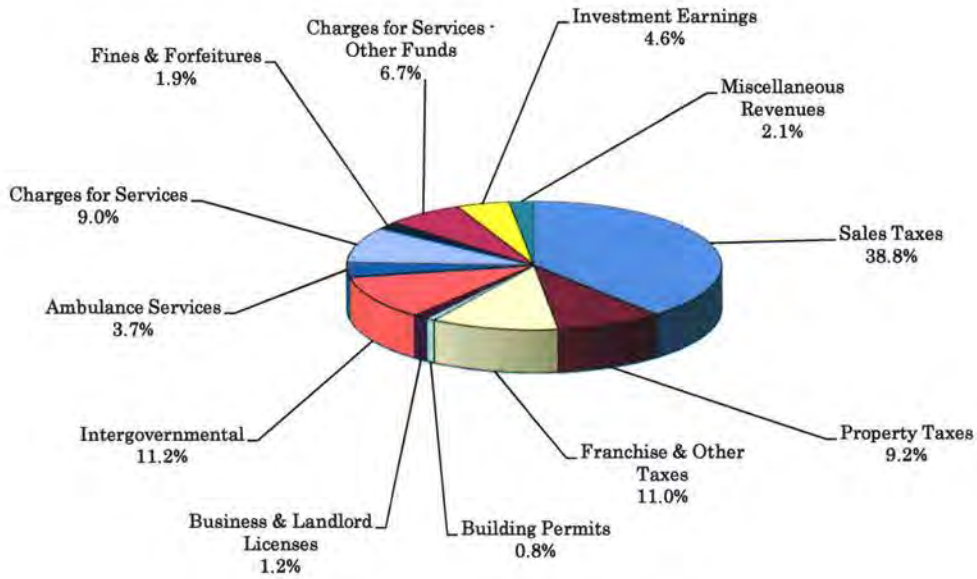
	Fiscal Year				
	2014	2015	2016	2017	2018
General Government:					
Vehicles	172	169	168	168	159
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	107	127	125	127	122
Fire Protection:					
Stations	4	4	4	4	4
Vehicles	28	29	28	29	29
Highways and Public Improvements:					
Streets (miles)	242	242	243	243	243
Traffic Signals	34	34	34	36	36
Parks and Recreation:					
Parks	25	26	26	27	27
Parks Acreage	363	385	385	388	388
Playgrounds	18	19	19	20	20
Walking/Jogging Trails (miles)	40.0	40.8	40.8	40.8	40.8
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	374	374	382	382	384
Water Service Lines (miles)	103	103	103	103	103
Wells	9	9	9	9	9
Storage Capacity (thousands of gallons)	22,440	22,490	21,990	21,950	21,950
Water Reclamation:					
Sewer Lines (miles)	288	291	294	331	336
Treatment Capacity (MGD)	13.5	13.5	13.5	13.5	13.5
Storm Water:					
Storm Water Lines (miles)	84.0	87.1	88.5	88.5	90.1
Sumps	1,759	1,759	1,746	1,748	1,779
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	21	21	21	21
Street Lighting:					
Street Lights	5,204	5,217	5,253	5,662	5,672

Source: Various city departments

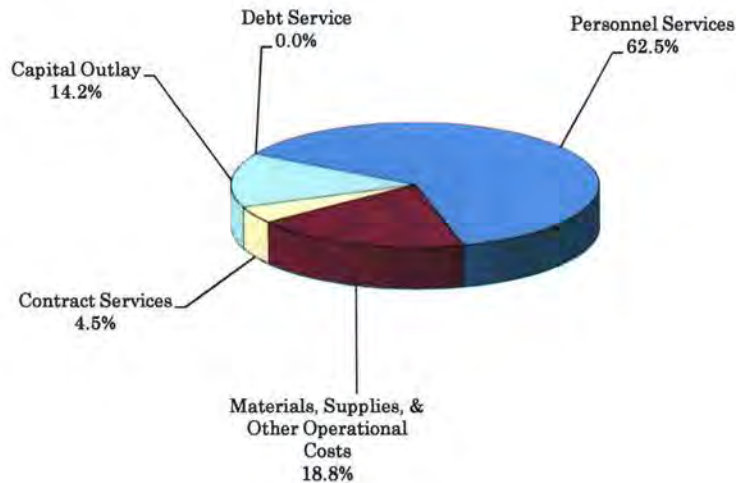
Fiscal Year				
2019	2020	2021	2022	2023
167	169	175	169	164
1	1	1	1	1
121	125	125	128	136
4	4	4	4	4
30	27	27	25	30
244	244	239	240	240
36	36	36	36	37
29	30	30	30	30
392	392	392	392	392
20	20	20	20	20
40.8	40.8	40.8	40.8	40.8
1	1	1	1	1
1	1	1	1	1
388	388	388	388	388
104	104	104	105	105
9	9	9	9	9
21,950	21,950	21,950	21,950	21,950
343	343	347	351	351
13.5	13.5	13.5	13.5	13.5
90.7	92.0	92.0	92.0	92.0
1,772	1,756	1,843	1,827	1,833
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
21	21	22	22	21
6,084	6,123	6,320	6,332	6,374

City of Orem
General Fund - Revenues and Expenditures
For The Year Ended June 30, 2023
(Unaudited)

GENERAL FUND - REVENUES



GENERAL FUND - EXPENDITURES





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OREM, UT 84057

