



CELEBRATING 100 YEARS OF OREM



# CITY OF OREM CAFR

Comprehensive Annual Financial Report

# FY 2019

For the Fiscal Year Ended June 30, 2019

# **CITY OF OREM**

STATE OF UTAH

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2019

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

**City of Orem, Utah**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019**

**Table of Contents**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
City Manager's Letter of Transmittal .....	1
Finance Director's Letter of Transmittal .....	3
Listing of City Officials .....	9
Organizational Chart .....	10
Certificate of Achievement for Excellence in Financial Reporting .....	11
<b>FINANCIAL SECTION</b>	
Report of Independent Certified Public Accountants .....	13
Management's Discussion and Analysis .....	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	33
Statement of Activities .....	34
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund .....	40
Statement of Net Position - Proprietary Funds .....	42
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds .....	44
Statement of Cash Flows - Proprietary Funds .....	46
Notes to the Financial Statements:	
Summary of Significant Accounting Policies:	
Reporting Entity .....	49
Government-wide and Fund Financial Statements .....	50
Measurement Focus, Basis of Accounting, & Financial Statement Presentation .....	50
Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance .....	53
Estimates and Assumptions .....	57
Reconciliation of Government-wide and Fund Financial Statements:	
Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position .....	57
Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities .....	59
Stewardship, Compliance, and Accountability:	
Budgetary Information .....	59
Detailed Notes for All Funds:	
Deposits and Investments .....	61

**City of Orem, Utah**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019**

**Table of Contents (continued)**

	<b>Page</b>
<b>FINANCIAL SECTION (continued)</b>	
Basic Financial Statements (continued):	
Notes to the Financial Statements (continued):	
Detailed Notes for All Funds (continued):	
External Investment Pools and Managed Investment Funds.....	65
Customer Deposits .....	68
Loans Receivable - CDBG and EDA Loans .....	68
Receivables .....	68
Capital Assets .....	70
Interfund Receivables, Payables, and Transfers .....	73
Jointly Governed Organizations .....	73
Capital Leases .....	74
Long-term Debt .....	75
Equity Classification.....	82
Other Information:	
Risk Management .....	84
Contingent Liabilities .....	85
Pension Plans .....	88
Employee Retirement Systems other than Pension Plans .....	97
Other Postemployment Benefits .....	98
Segment Information for Enterprise Funds .....	101
Redevelopment Agency of the City of Orem .....	102
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Pension	
Liability - URS Pension Benefits .....	104
Schedule of Contributions - URS Pension Benefits .....	106
Schedule of Changes in Total OPEB Liability and Related Items .....	108
Combining Financial Statements - Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds .....	110
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Governmental Funds .....	112
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Debt Service - Debt Service Fund .....	115
Capital Projects - Capital Projects Fund .....	116
Capital Projects - 2019 G.O. Bonds - Capital Projects Fund .....	117
Capital Projects - Impact Fees - Capital Projects Fund .....	118
CARE Tax - Special Revenue Fund .....	119
Telecommunication Billing - Special Revenue Fund .....	120
Redevelopment Agency - Special Revenue Fund .....	121
Community Development and Rehabilitation - Special Revenue Fund .....	122
Friends of the Orem Public Library - Special Revenue Fund .....	123
Orem Foundation Trust - Special Revenue Fund .....	124
Senior Citizens - Special Revenue Fund .....	125
Combining Financial Statements - Nonmajor Proprietary Funds:	
Combining Statement of Net Position - Nonmajor Proprietary Funds .....	128
Combining Statement of Revenues, Expenses, and Changes in	
Net Position - Nonmajor Proprietary Funds .....	130
Combining Statement of Cash Flows - Nonmajor Proprietary Funds .....	132



**City of Orem, Utah**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2019**

**Table of Contents (continued)**

	<b>Page</b>
<b>FINANCIAL SECTION (continued)</b>	
Combining Statement of Net Position - Internal Service Funds .....	135
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds .....	136
Combining Statement of Cash Flows - Internal Service Funds .....	137
Schedules of Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source .....	139
Schedule by Function and Activity .....	140
Schedule of Changes by Function and Activity .....	142
<b>STATISTICAL SECTION</b>	
Financial Trends:	
Net Position by Component .....	144
Changes in Net Position .....	146
Fund Balances - Governmental Funds .....	148
Changes in Fund Balances - Governmental Funds .....	150
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property .....	152
Direct and Overlapping Property Tax Rates .....	154
Principal Property Tax Payers .....	155
Property Tax Levies and Collections .....	156
Sales Taxes by Category .....	158
Other Sales Tax Revenue Information by Category .....	160
Principal Sales Tax Payers .....	161
Direct and Overlapping Sales Tax Rates .....	162
General Fund - Revenues and Expenditures Chart.....	163
Debt Capacity and Other Debt Information:	
Ratios of Outstanding Debt by Type .....	164
Ratios of Net General Obligation Bonded Debt Outstanding .....	166
Direct and Overlapping Governmental Activities Debt .....	167
Legal Debt Margin Information .....	168
Pledged-Revenue Coverage .....	170
Long-term Bonded Indebtedness Paid by Primary Government .....	172
Other Long-term Liabilities Paid by Primary Government .....	174
Demographic and Economic Information:	
Demographic and Economic Statistics .....	175
Other Demographic Statistics - Census Data .....	176
Principal Employers .....	177
Full-Time-Equivalent City Government Employees by Function / Program .....	178
Operating and Other Information:	
Operating Indicators by Function / Program .....	180
Capital Asset Statistics by Function / Program .....	182

# INTRODUCTORY SECTION



December 10, 2019

**To:** Mayor and City Council

**Subject:** Comprehensive Annual Financial Report

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

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

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

The City concluded the year ended June 30, 2019, in sound financial condition. The following is an overview of the City's financial condition.

#### Operating Revenues

Sales Tax revenues grew 2.39% in Fiscal Year 2019. Sales taxes continue to be the City's single largest revenue source. Utility revenues are growing due to the cash funding rate structure approach for system replacement and expansion for each utility. This will provide the necessary capital funding to build master planned projects.

Revenues for other service areas such as residential solid waste collection and street lighting are stable. Recreation Fund revenues continued to decline and had to be subsidized by the General Fund (\$404,000). As you are well aware, the reconstruction of the fitness center will also significantly impact Recreation Fund revenues for a portion of the next fiscal year.

#### Expenditures

The City allocated \$4,600,000 from General Fund reserves for general capital improvement projects. This was made possible by the City's steady economy resulting in revenue growth coupled with one-time building permit funds for one-time uses along with the City's policy of setting its available General Fund reserves at 15% of revenues.

The City's infrastructure is in a stable condition and with the recently adopted utility master plans and accompanying funding plans, the City's infrastructure will remain sound. Within the last year, the City has continued, initiated, and/or completed several significant capital improvement projects. These projects include:

- Continued street maintenance plans of systematic preventative maintenance such as crack seals, seal coats, micro-surfacing, and overlays.
- Replacement of old four- inch (4") water lines.
- Construction of a Library Hall & reconstruction of the Orem Family Fitness Center.
- Construction of Utah County's first outdoor futsal courts.
- Purchase of a new fire engine and ambulance.
- Initial deployment of automated water meter reading infrastructure in portions of the city.

Additional capital and operational funding is needed for:

- Completion of the storm water system (especially in relation to the West Union Canal abandonment).
- Installation of automated water meter reading infrastructure throughout the remainder of the city.
- Construction of a new water storage tank.
- Continued preventative road and sidewalk maintenance.
- Improving transportation in the city through street improvements, trails, bike paths, mixed uses, and mass transit.
- Identifying and addressing public safety staffing and pay concerns.

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

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

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

Respectfully Submitted,



James P. Davidson  
City Manager





CITY OF OREM

DEPARTMENT OF ADMINISTRATIVE SERVICES

---

December 10, 2019

James P. Davidson  
City Manager

City of Orem, Utah

The State of Utah requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as prescribed in the Uniform Accounting Manual for Utah Cities and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This Comprehensive Annual Financial Report (CAFR) of the City of Orem, Utah for the fiscal year ended June 30, 2019, 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.

Gilbert & Stewart CPA, PC, a firm of licensed certified public accountants have audited the City of Orem's financial records. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Orem for the fiscal year ended June 30, 2019, 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 ending June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report (see pages 13-14).

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

### **Government Profile**

The City of Orem is located in north central Utah and is currently the fifth largest city in the state with a 2010 census population of 88,328 and an estimated population at June 30, 2019, of 98,328. Orem is located 45 miles south of Salt Lake City.

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

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

The City Manager must submit a proposed annual budget to the City Council for all funds no later than the first regularly scheduled meeting in May. The final adoption must be no later than June 22<sup>nd</sup>, unless a property tax increase is proposed. If a property tax is proposed, adoption must occur no later than August 31<sup>st</sup>. The City Council is the administrator of the legal level of budgetary control. Additional information can be found on pages 59-60.

### **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 a traditional "mall" to becoming an entertainment, professional business office, and residential living center. Currently, one large office building has been constructed, along with another one set to break ground after the holidays. A large upscale apartment complex has been completed and two more phases are on their way to completion. Plans for the area include a multi-story hotel, a professional live performance theater and additional multi-story professional business office. This transformation will ensure the area continues to be a growing and vibrant economic anchor for the community.



Utah Valley University (UVU) is a major employer in the City with 5,656 employees serving over 40,000 students. UVU is now the State's largest university and plays a pivotal role in the growth of the city.

Employment in Utah continues to grow, especially in Utah County. The county unemployment rate at June 30, 2019, was 3.1% compared to 3.2% for the state and 3.8% nationally (see page 32 for a historical comparison).

Sales tax revenues, the City's largest source of tax revenue, continue to grow. They have increased from FY 2010 by 49% and have increased every year since FY 2010 (see pages 158-159). The housing industry continues to be strong as building permit and associated development revenues have increased over 109%, on average, since FY 2010. Although the City expects these major revenue sources to continue to grow, the pace at which they grow is expected to settle to a more sustainable rate.

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

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

All three major enterprise funds recently completed master plan updates with the Mayor and City Council approving the plans as well as the associated increase in fees needed to fund the plans. The Mayor and City Council were presented with several funding alternatives but eventually elected to move forward with the cash funding option.

The City's General Plan was also updated and it identified challenges the City is facing in relation to the growth the city is experiencing. In response to financing this growth, impact fees for police, fire, transportation, parks, water, sewer, and storm water were all put into place. A study was also completed on other fees and a number of adjustments were made immediately. All fees charged by the City continue to be evaluated and modified during the budget process.

The Mayor and City Council have targeted a 15% of revenues General Fund assigned/unassigned fund balance (the State of Utah requires municipalities have at least 5% but no more than 25%). Amounts exceeding this target are transferred to the City's Capital Projects Fund to complete capital purchases/projects identified by City staff and approved by the Mayor and City Council. This allows the City to cash fund one-time capital purchases/projects as well as providing sufficient "reserves" in case of economic downturns.

## **Major Initiatives**

### For the Year

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

- Installation of automated water meter reading technology throughout the entire city.
- On-going preventive maintenance on City-owned streets.
- Funding public safety career ladder pay program.
- Issuing general obligation debt to construct a new community library hall and reconstruct the forty year old fitness center.

### For the Future

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

- Continued road and sidewalk maintenance.
- Completion of the storm water system (especially for areas previously serviced by the West Union Canal which is being abandoned).
- Identifying and addressing public safety staffing and pay concerns.
- Completion of new automated water meter reading technology.
- Completion of a new water storage tank.
- Maintaining levels of service for all General Fund operations.

## **Other Information**

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the thirty-first consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgments

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Brandon C. Nelson, CPA". The signature is written in dark ink and is positioned above the printed name.

Brandon C. Nelson, CPA  
Finance Director

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

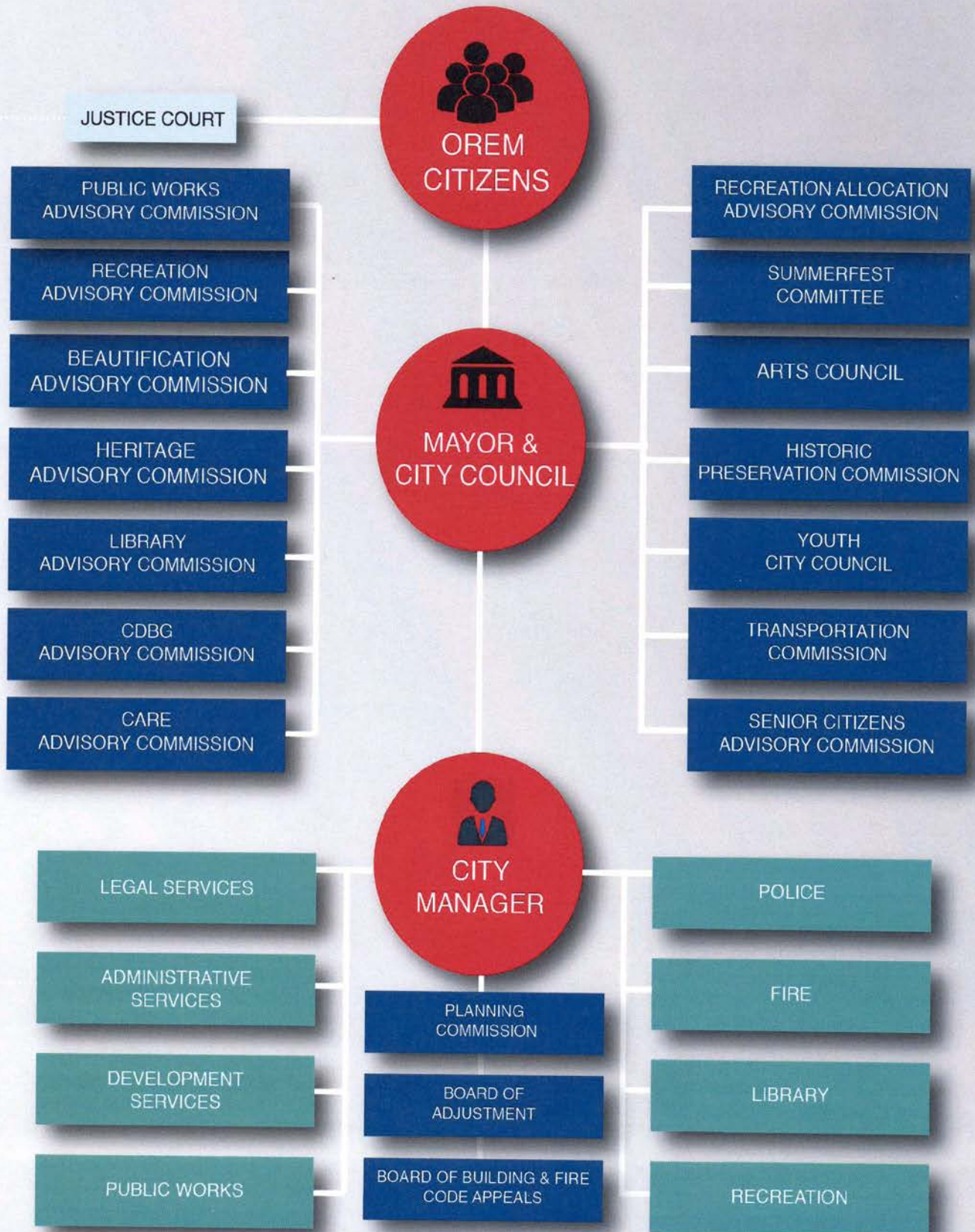
Chief Executive Officer

City Manager ..... James P. Davidson

Executive Staff

Assistant City Manager ..... Brenn Bybee  
Deputy City Manager ..... Steven M. Downs  
Finance Director ..... Brandon C. Nelson  
Director of Development Services ..... Ryan L. Clark  
Director of Legal Services ..... Greg W. Stephens  
Director of Library Services ..... Charlene M. Crozier  
Fire Chief ..... M. Scott Gurney  
Police Chief ..... Gary K. Giles  
Director of Public Works ..... Chris R. Tschirki  
Director of Recreational Services ..... Karl R. Hirst









Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

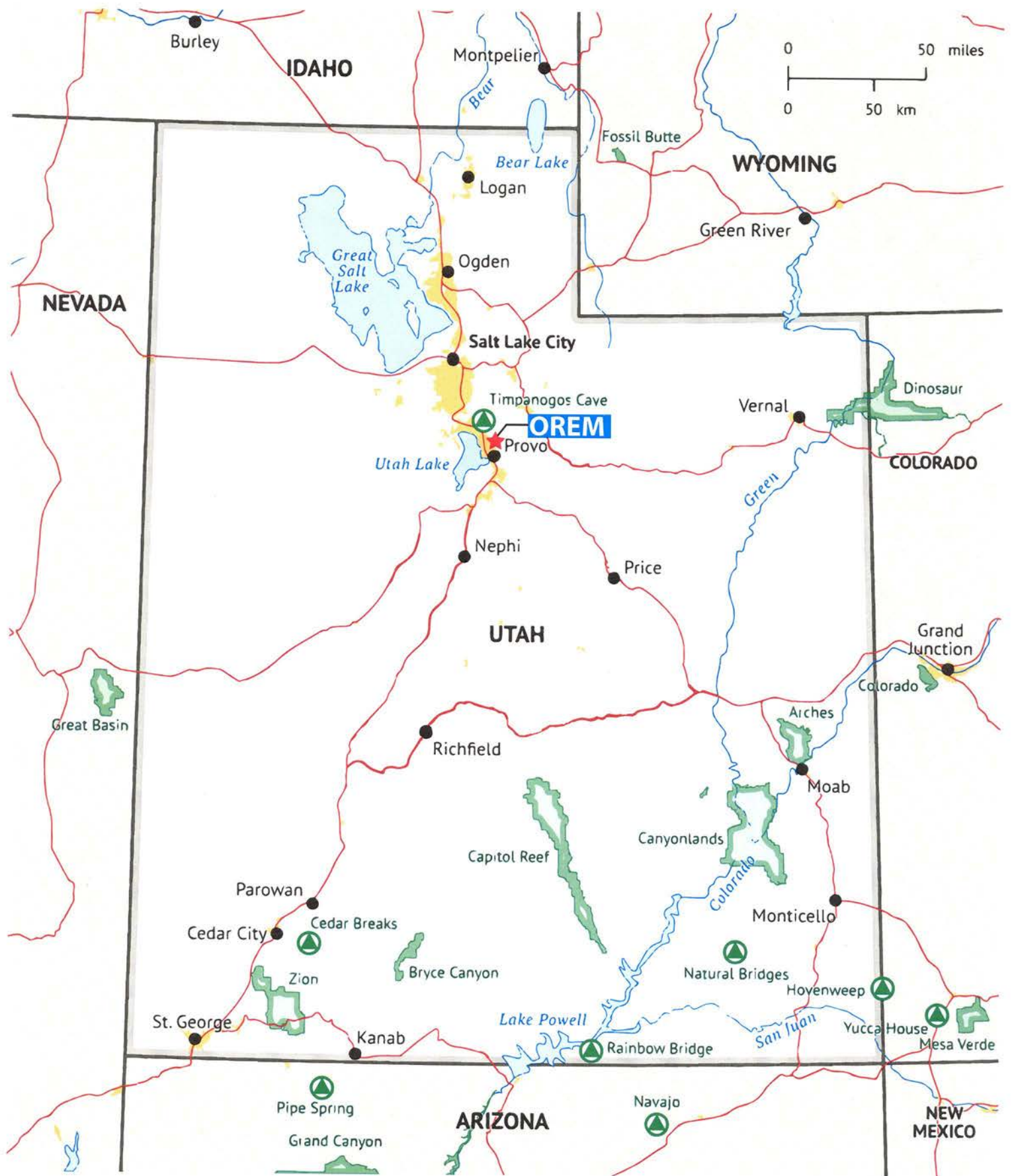
**City of Orem  
Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



# **FINANCIAL SECTION**



**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Orem, Utah (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Orem, as of June 30, 2019 and the respective changes in financial position and where applicable, cash flows and the respective budgetary comparison for the general and major special revenue funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

-13-

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**Other Matters*****Required Supplementary Information***

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

***Supplementary and Other Information***

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Gilbert & Stewart***

GILBERT & STEWART, CPA, PC  
Provo, Utah  
December 2, 2019

**MD & A**



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The City of Orem's management presents this overview and analysis of its financial activities for the fiscal year ended June 30, 2019. This discussion and analysis focuses on significant financial issues, provides an overview of the City's financial activity, highlights significant changes in the City's financial position, and identifies material variances between the approved budget and actual spending.

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

### **Financial Highlights**

- As of the end of the current fiscal year, the government-wide assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$309,243,084 (total net position). Of this amount, \$51,731,641 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net position consists of \$203,508,584 in net investment in capital assets, \$54,002,859 in restricted assets, and \$51,731,641 in unrestricted assets. Total government-wide net position increased by 8.97%.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87,245,758. Of this amount, \$13,948,108 (15.99%) is available for spending at the City's discretion (unassigned fund balance).
- As of the end of the current fiscal year, the City's governmental funds reported an increase in total fund balance of \$37,567,826 compared to the prior year's increase of \$3,915,157. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- As of the end of the current fiscal year, the City's enterprise funds reported an increase in total net position of \$16,557,290 compared to the prior year's increase of \$13,848,997. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- In February 2019, the City sold \$24.5 million in general obligation bonds to fund the construction of a new Library Hall and the reconstruction of the City's fitness center.
- The City also began installing automated meter reading technology on its water meters. In FY 2019, the City spent approximately \$1.4 million. The expected total cost of this project is approximately \$11 million and is expected to be completed by FY 2024.

### **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.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

This report also includes other supplementary information in addition to the basic financial statements.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges (business-type activities). The governmental activities of the City include the general government, public safety, redevelopment, highways and public improvements, parks, recreation and arts (which includes the library), and economic and physical development. The business-type activities of the City include culinary water distribution, water reclamation (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



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twelve 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 nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

- ***Proprietary funds.*** The City of Orem maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Water Reclamation, Storm 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, and maintaining the City's technological needs. 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 the Street Lighting funds are classified as nonmajor and are included in the *combining statements* within this report. Conversely, the four 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.

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As mentioned in the highlights section, assets exceeded liabilities and deferred inflows by \$309,243,084 at June 30, 2019.

By far the largest portion of the City's net position (65.81%) is its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure assets) less any outstanding debt related to the acquisition of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Orem's Total Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 113,074,156	\$ 70,437,063	\$ 54,613,070	\$ 45,419,517	\$ 167,687,226	\$ 115,856,580
Noncurrent Assets:						
Capital Assets	148,811,085	149,931,135	91,205,355	87,151,528	240,016,440	237,082,663
Other	705,676	1,893,635	-	2,037	705,676	1,895,672
Total Assets	262,590,917	222,261,833	145,818,425	132,573,082	408,409,342	354,834,915
Deferred Outflows of Resources	11,019,033	10,577,607	2,856,508	2,677,144	13,875,541	13,254,751
Total Assets & Deferred Outflows of Resources	<u>\$ 273,609,950</u>	<u>\$ 232,839,440</u>	<u>\$ 148,674,933</u>	<u>\$ 135,250,226</u>	<u>\$ 422,284,883</u>	<u>\$ 368,089,666</u>
Long-term Liabilities						
Outstanding	\$ 61,526,103	\$ 27,761,852	\$ 26,058,646	\$ 26,866,031	\$ 87,584,749	\$ 54,627,883
Other Liabilities	11,783,090	7,957,225	2,880,092	4,284,255	14,663,182	12,241,480
Total Liabilities	73,309,193	35,719,077	28,938,738	31,150,286	102,247,931	66,869,363
Deferred Inflows of Resources	10,605,810	16,326,803	188,058	1,109,093	10,793,868	17,435,896
Net Position:						
Net Investment in Capital Assets	134,356,643	133,402,160	69,151,941	63,143,175	203,508,584	196,545,335
Restricted	50,898,009	19,862,147	3,104,850	2,190,218	54,002,859	22,052,365
Unrestricted	4,440,295	27,529,253	47,291,346	37,657,454	51,731,641	65,186,707
Total Net Position	189,694,947	180,793,560	119,548,137	102,990,847	309,243,084	283,784,407
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 273,609,950</u>	<u>\$ 232,839,440</u>	<u>\$ 148,674,933</u>	<u>\$ 135,250,226</u>	<u>\$ 422,284,883</u>	<u>\$ 368,089,666</u>

A portion of the City of Orem's net position (17.46%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net position (\$51,731,641) may be used to meet the City's ongoing obligations to citizens and creditors.

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



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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 \$25,458,677 (8.97%). Total revenues increased by \$9,600,181 (8.76%), primarily due to increases in charges for services of \$4,694,790 (8.27%), capital grants and contributions of \$1,592,717 (20.29%), and other revenues of \$2,061,936 (138.64%). Total expenses increased \$5,238,214 (5.92%). 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**

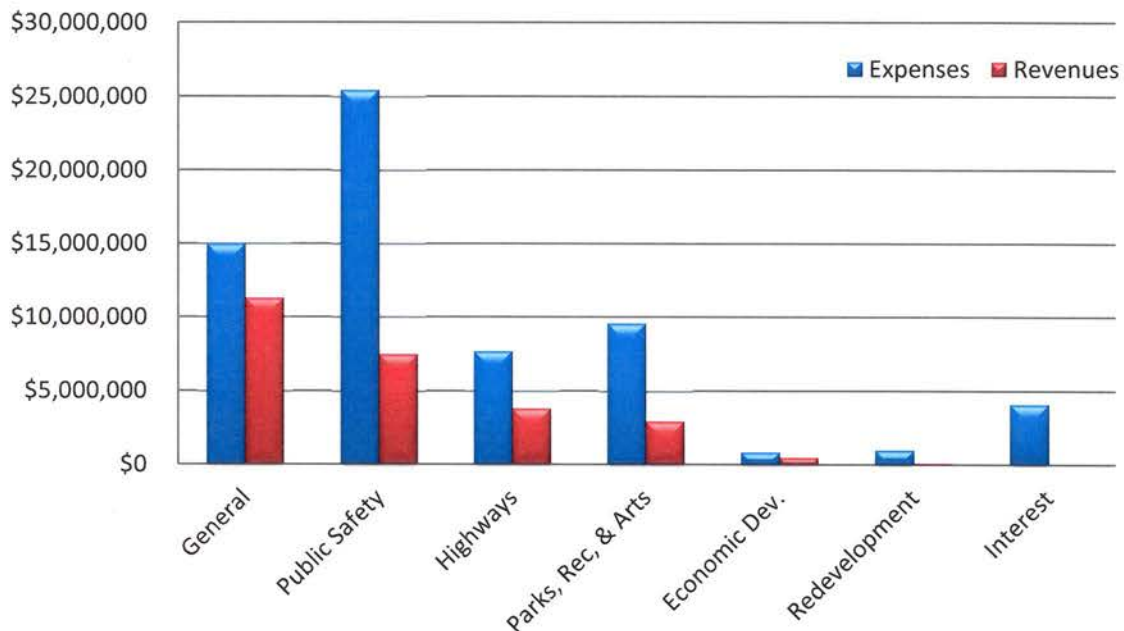
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 19,548,772	\$ 17,981,673	\$ 41,898,232	\$ 38,770,541	\$ 61,447,004	\$ 56,752,214
Operating Grants and Contributions	1,392,846	1,537,093	-	-	1,392,846	1,537,093
Capital Grants and Contributions	5,246,807	3,876,983	4,196,701	3,973,808	9,443,508	7,850,791
General Revenues:						
Sales Taxes	24,944,421	24,361,704	-	-	24,944,421	24,361,704
Property Taxes	9,701,393	8,669,176	-	-	9,701,393	8,669,176
Other Taxes	8,773,821	8,993,770	-	-	8,773,821	8,993,770
Other	2,453,409	818,677	1,095,773	668,569	3,549,182	1,487,246
Total Revenues	72,061,469	66,239,076	47,190,706	43,412,918	119,252,175	109,651,994
Expenses:						
General Government	15,017,456	13,515,297	-	-	15,017,456	13,515,297
Public Safety	25,463,111	23,214,380	-	-	25,463,111	23,214,380
Highways and Public Improvements	7,688,525	8,206,253	-	-	7,688,525	8,206,253
Parks, Recreation & Arts	9,613,483	9,367,172	-	-	9,613,483	9,367,172
Economic and Physical Development	887,655	1,142,707	-	-	887,655	1,142,707
Redevelopment	1,004,364	756,175	-	-	1,004,364	756,175
Interest on Long-Term Debt	4,122,763	3,505,369	-	-	4,122,763	3,505,369
Water	-	-	13,361,446	12,570,988	13,361,446	12,570,988
Water Reclamation	-	-	7,517,084	7,117,138	7,517,084	7,117,138
Storm Water	-	-	2,837,289	2,567,634	2,837,289	2,567,634
Recreation	-	-	2,041,021	1,993,090	2,041,021	1,993,090
Solid Waste	-	-	3,764,859	3,617,304	3,764,859	3,617,304
Street Lighting	-	-	474,442	981,777	474,442	981,777
Total Expenses	63,797,357	59,707,353	29,996,141	28,847,931	93,793,498	88,555,284
Change in Net Position before Transfers	8,264,112	6,531,723	17,194,565	14,564,987	25,458,677	21,096,710
Transfers In (Out)	637,275	715,990	(637,275)	(715,990)	-	-
Change in Net Position	8,901,387	7,247,713	16,557,290	13,848,997	25,458,677	21,096,710
Net Position - Beginning	180,793,560	173,545,847	102,990,847	89,141,850	283,784,407	262,687,697
Net Position - Ending	\$ 189,694,947	\$ 180,793,560	\$ 119,548,137	\$ 102,990,847	\$ 309,243,084	\$ 283,784,407

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Governmental activities.** Governmental activities increased the City of Orem's net position \$8,901,387 (4.92%). This is an increase of \$1,653,674 from the prior year. Total revenues increased \$5,822,393 (8.79%). Charges for services revenues increased \$1,567,099 (8.71%), capital grants and contributions increased \$1,369,824 (35.33%), and other revenues increased \$1,634,732 (199.68%). Total expenses increased \$4,090,004 (6.85%).

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 \$45,873,044 because these revenues are not specific to a particular department.

**Program Expenses & Revenues - Governmental Activities**  
**For Fiscal Year Ending June 30, 2019**



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

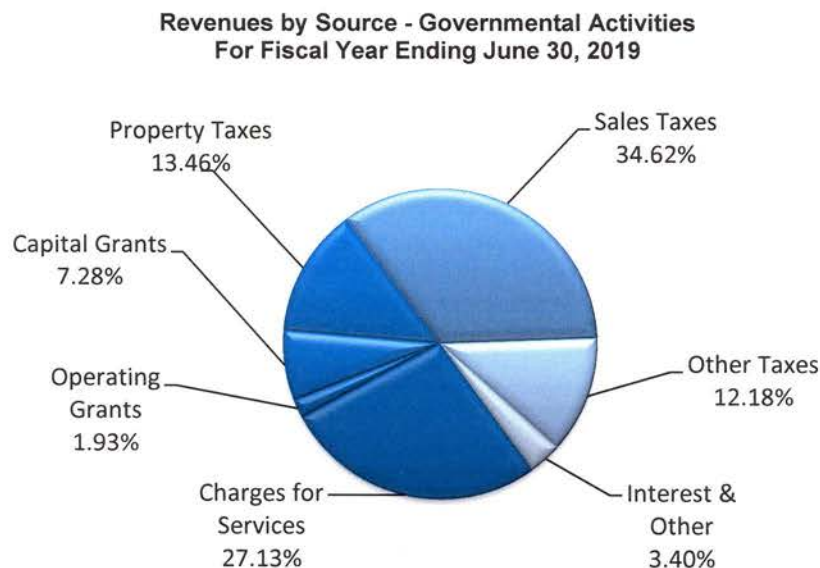
- Total revenues increased \$5,822,393 (8.79%).
- Charges for services revenues increased \$1,567,099 (8.71%). The increase was due primarily to receiving \$619,701 (54.62%) in additional building permit revenues and \$513,273 (12.60%) in additional charges to other funds for services rendered to them.
- Capital grants and contributions increased \$1,369,824 (35.33%). The increase was due to receiving \$1,724,826 in additional park, street, fire, and police impact fees than the prior year.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

- General revenues increased \$3,029,717 (7.07%). The increase was due, in large part, to an increase in investment earnings of \$1,510,701 (193.93%) due to a significant improvement in interest rates as well as the fair value of the investments themselves. Sales tax revenues increased \$582,717 (2.39%). While the City continues to enjoy the benefits of a strong retail base, the current fiscal year increase is significantly lower than the prior year increase of \$1,610,998. Property tax revenues increased \$1,032,217 (11.91%). The increase in these revenues was due primarily to receiving the first year tax increment financing revenues from the University Place CDA. The City received \$894,777 in new property tax revenues from this CDA.
- Total expenses increased by \$4,090,004 (6.85%).
- Personnel costs across all expense categories increased, in total, by approximately \$3,418,000 in the current fiscal year due to general salary and benefit increases as well as increases in wages for variable hour employees due to the tight labor market. Pension costs increased by approximately \$1,218,000 due to worse than expected investment performance. The largest pension cost increases were in Public Safety (\$659,000), General Government (\$346,000), and Parks and Recreation (\$140,000). Wage and benefit increases other than pension cost increases were in the following: Public Safety increased approximately \$870,000; General Government increased approximately \$605,000 due, in part, to the creation of the 311 Help Center and increased Information Technology personnel costs; and Parks and Recreation which increased approximately \$355,000.

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.

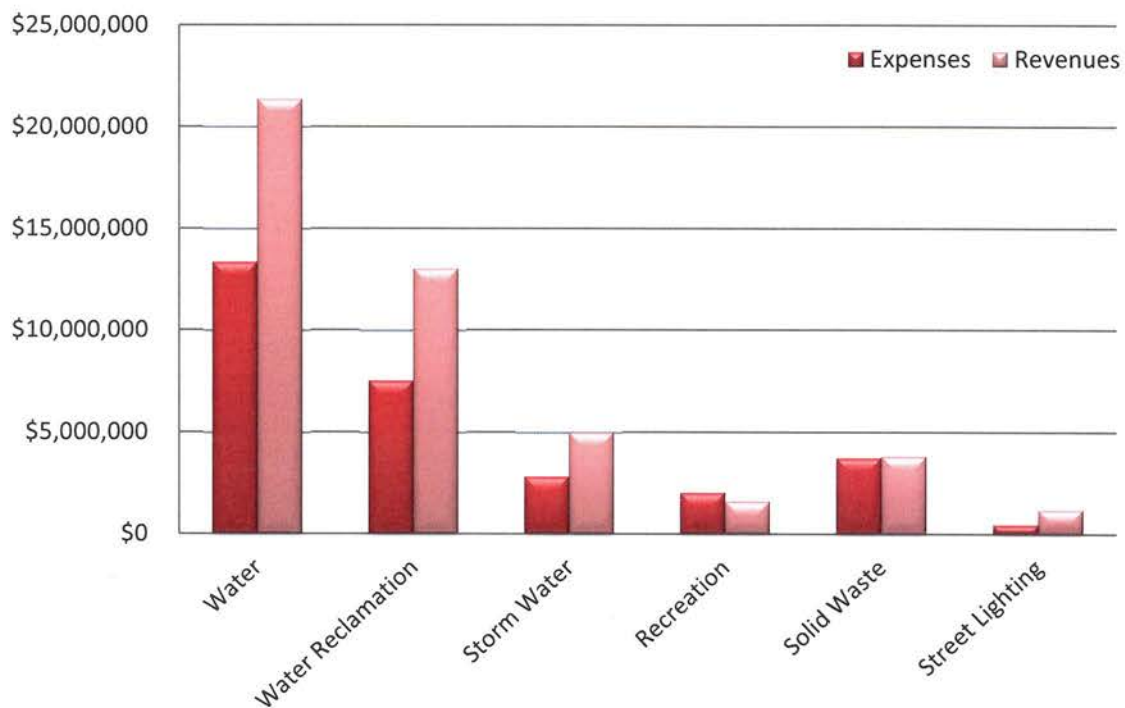


**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Business-type activities.** Business-type activities increased the City's net position by \$16,557,290. The increase in net position represents a 16.08% increase for the current year. Total revenues increased \$3,777,788 (8.70%) and total expenses increased \$1,148,210 (3.98%). 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, 2019**



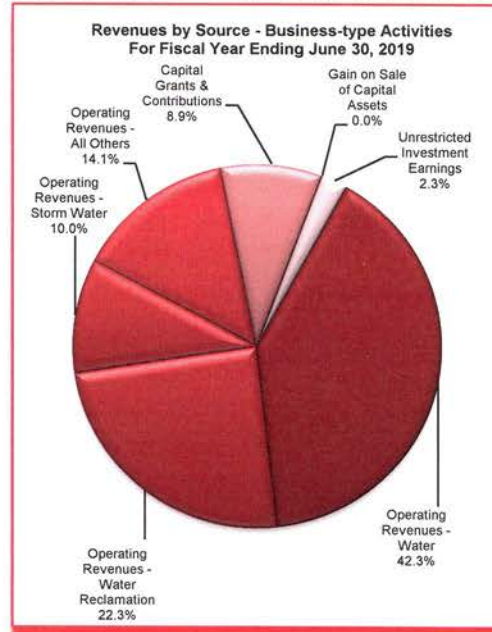
Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported an increase in total revenues over the prior year of \$3,777,788 (8.70%). Total revenues increased or decreased as follows:



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

- Water fund total operating revenues increased \$578,296 or 3.15%. There was a 8.97% increase in base rates along with an 11.39% increase in the Tier 1 usage rate as well as increases in Tiers 2-4 usage rates. The City intends to use the additional revenues from these higher water rates for future capital improvement needs rather than incurring additional debt. Thus, charges for services revenues increased by \$812,355 or 5.15%. New water impact fees were created late in the prior fiscal year. These new impact fees increased contributions from developers revenue by \$426,869. However, some of this increased revenue was passed on to a special service district responsible for servicing the water needs of the City and to a developer who built certain infrastructure which was contributed to the City. Impact fees are restricted for capital improvements by state law.
- Water Reclamation fund total operating revenues increased \$1,840,379 or 19.01%. The increase in revenues is due to a 15.02% increase in the sewer base rate and a 17.84% increase in the sewer volume charge. A new sewer impact fee was created late in the prior fiscal year. This new impact fee increased non-operating revenue by \$450,784. Some of the impact fees received were passed on to a developer who built certain infrastructure which was contributed to the City. Impact fees are restricted for capital improvements by state law.
- Storm Water fund total operating revenues increased \$425,696 or 9.79%. The increase was due to a \$0.35 rate increase in the "equivalent service units (ESU)" rate. The rate went from \$6.75/month/ESU to \$7.10/month/ESU (5.19% increase). A new storm water impact fee was created late in the prior fiscal year. Impact fee revenues increased contributions from developers revenue by \$91,567. Impact fees are restricted for capital improvements by state law.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The graph on the previous page displays the business-type activities revenues by source. The information reflected in this graph comes from the "City of Orem's Change in Net Position" table shown previously.

- Business-type activities reported an increase in operating expenses from the prior year of \$1,148,210 (3.98%). Operating expenses increased or decreased as follows:
  - Personnel costs increased \$622,964 (9.52%).
  - Utility electric costs increased \$282,764 (18.39%). The increase was due primarily to several meters that were replaced during the fiscal year. The new meters recorded significantly higher electric use than the prior year and appear to have had their fee "schedule" changed as well. The City has contacted its electric utility provider requesting additional explanation and information regarding this change.
  - Depreciation expense increased \$355,437 (7.24%). A large waterline replacement project was completed during the fiscal year which did not occur in the prior year and resulted in significantly more depreciation expense in the current fiscal year. The City's automated meter reading installation project also added approximately \$1.2 million to the Water Fund's fixed assets along with corresponding depreciation for the fiscal year.

### **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 \$87,245,758. Of this total amount, \$13,948,108 (27.07%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance increased from the prior year by \$499,005. The remaining fund balance of \$73,297,650 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.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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 \$13,948,108 and total fund balance increased to \$27,494,417. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23.34% (prior year was 27.16%) of total General Fund expenditures, while total fund balance represents 51.92% (prior year was 51.27%) of total General Fund expenditures.

*General Fund* - Total fund balance increased \$2,110,480 in the current fiscal year (the prior year had an increase of \$2,365,911). Thus, there was a negative variance from the prior year of \$255,431. The following elements were key factors contributing to the total fund balance increase:

- Total revenues of the fund increased \$3,061,390 (5.19%). Taxes and special assessments increased \$524,558 (1.42%), licenses and permits revenues increased \$751,497 (41.45%), charges for services increased \$861,661 (10.89%), and investment earnings increased \$1,013,645 (184.17%). Details about these variances are as follows:
  - Taxes and special assessments increased primarily due to sales tax revenues increasing \$524,558 (1.42%). The City's strong retail base has continued to do well although sales tax revenues only increased 2.4% compared to the prior year at 7.2%.
  - Licenses and permits revenues increased due primarily to an increase of \$619,701 (54.62%) in building permit revenues. The increase occurred primarily because of development beginning in a large area annexed into the city a few years ago.
  - Charges for services increased due to increased plan check fee revenues of \$407,032 (65.92%) and contracted Vineyard City fire services revenues of \$289,970 (52.11%). Both of these fees increased compared to last year due to the growth in the newly annexed area mentioned previously as well as in the neighboring city of Vineyard which Orem City services.
  - Investment earnings increased due to a significant improvement in interest rates compared to the prior year. The City's primary investment account earned an average of 2.76% during the fiscal year compared to 1.79% in the previous fiscal year. The increase in interest rates also helped to improve the fair value of the City's investment portfolio.
- Total expenditures increased \$3,441,828 (6.95%). General government expenditures increased \$1,132,729 (8.55%), public safety expenditures increased \$1,037,359 (4.60%), and capital outlay expenditures increased \$903,763 (23.66%). Details about these variances are as follows:
  - General Government expenditures increased as the result of higher personnel costs due to general wage and benefit increases of \$759,708 (10.71%). Contracted services also increased \$177,523 (54.38%) due to the City's justice court being required to provide



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

front door security whereas the State of Utah paid for these services in the past since the court is located in their facility.

- Public Safety expenditures increased as the result of higher personnel costs due to general wage and benefit increases of \$870,000 (4.55%). Police department wages and benefits increased \$544,822 (4.54%) and fire department wages and benefits increased \$325,178 (4.57%).
- Capital outlay expenditures increased significantly due to the purchase of a fire engine for \$730,363.

*Debt Service Fund* - Total fund balance is \$3,878,330, 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 \$2,779,069. The increase was the result of adding the 2019 General Obligation Bonds capitalized interest fund of \$2,530,984. These funds will be used to make the 2019 General Obligation Bonds payments over the next three years.

*Capital Projects Fund* - Total fund balance is \$16,015,349, 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 \$4,119,262 (34.63%). The increase was due to a \$4,600,000 transfer from the General Fund which will be used to improve several parks and streets as well as making improvements to various city facilities including the city center, cemetery buildings, library, public safety buildings, fitness center, and outdoor pools. Funds for the construction of the new Library Hall were also received (\$579,000) from the Friends of the Library Fund.

**Proprietary Funds**

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

*Water Fund* - Unrestricted net position at the end of the year amounted to \$23,904,080, an increase of \$3,871,136 (19.32%). Total net position increased by \$7,802,235 (15.43%) during the current fiscal year (prior fiscal year had an increase of \$8,258,806 or 19.53%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$578,296 (3.15%). There was an 8.97% increase in base rates (from \$17.16/month to \$18.70/month on a  $\frac{3}{4}$ " meter) and an 11.39% increase in Tier 1 water usage rates (from \$0.79/1,000 gallons to \$0.88/1,000 gallons). Tier 2 through 4 usage rates were also increased.
- Operating expenses increased \$633,481 (5.74%) in comparison with the prior year. The increase includes \$363,095 (16.70%) in increased personnel costs due to general wage and benefit increases as well as increased pension costs primarily due to poor investment performance, \$196,219 in increased utility costs (43.69%), and increased depreciation expense of \$157,842 (6.88%) as a large waterline project was completed and the automated meter reading installation project was added.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

*Water Reclamation Fund* - Unrestricted net position at the end of the year amounted to \$13,344,651, an increase of \$4,221,537 (46.27%). Total net position increased \$5,582,922 (19.52%) during the current fiscal year (prior fiscal year had an increase of \$3,368,792 or 13.35%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$1,840,379 (19.01%). The increase was due to a 17.84% increase in the sewer volume charge (from \$1.85/1,000 gallons to \$2.18/1,000 gallons) and a base rate increase of 15.02% (from \$9.32/living unit to \$10.72/living unit).
- Operating expenses increased \$383,402 (5.53%) in comparison with the prior year. Personnel services increased \$51,861 (2.41%) due to general wage and benefit increases. Administrative fee charges increased \$75,810 (10.47%) primarily due to allocating a higher portion of administrative time associated with capital projects. Depreciation expense increased \$136,669 (7.84%) due to a large amount of equipment purchases from the prior fiscal year having a full year of depreciation in the current fiscal year.

*Storm Water Fund* - Unrestricted net position at the end of the year amounted to \$6,685,890, an increase of \$430,112 (6.88%). Total net position increased \$2,021,577 (10.67%) during the current fiscal year (prior fiscal year had an increase of \$1,735,701 or 10.09%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$425,696 (9.79%), due to a \$0.35 increase in the "equivalent service units (ESU)" rate which went from \$6.75/month/ESU to \$7.10/month/ESU.
- Operating expenses increased \$272,325 (10.98%) in comparison with the prior year. Personnel services increased \$94,971 (11.61%) due primarily to an increase in personnel costs due to general wage and benefit increases as well as increased pension costs primarily due to poor investment performance. Contract services expenses increased \$117,821 (53.35%) primarily due to a higher portion of engineering division time being associated with the fund's capital projects.

### **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 \$58,087,785 to a final budget of \$68,565,903, an increase of \$10,478,118 (18.04%). The changes to the General Fund budget are briefly summarized as follows:

- Various public safety grants and donations received during the year totaled \$400,410.
- The library received several grants during the year totaling \$14,300. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$49,197.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

- 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 \$2,837,652.
- 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 \$605,599.
- Various outstanding road projects were carried over from the prior year and, therefore, were added to the budget in the current year. This increased the budget by \$1,712,596.
- The City transferred \$4,600,000 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.

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

- Licenses and Permits – Revenues – Actual amount was higher than the budgeted amount by \$1,099,527 (75.05%). Building permit revenues exceeded budgeted revenues by \$1,004,179. Actual revenues were higher than budgeted revenues because the City chooses to budget this revenue line item quite conservatively. Excess funds are generally expected to be used for one-time items so the City is not reliant on these additional revenues for on-going items.
- Charges for Services – Revenues – Actual amount was higher than the budgeted amount by \$861,068 (10.89%). Plan check, planning, and building reinspection fees exceeded budget by \$667,269. The same conservative philosophy mentioned previously in relation to building permits applies to these revenues as well. Ambulance service revenues exceeded budgeted amounts by \$137,189 due to a higher percentage of commercial insurance transports which pay more and pay more timely than other types of transports (i.e. Medicaid, Medicare or self-pay).
- Investment Earnings – Revenues – Actual amount was higher than the budgeted amount by \$1,107,034 (242.24%). The City's investments saw significant improvements in the interest rates being paid compared to the prior year.
- General Government – Expenditures – Actual amounts were lower than budgeted by \$2,580,568 (15.07%). The following narrative provides details about this variance from budget:
  - The City continued to budget an operating expenses assessment for the Utah Infrastructure Agency (UIA). However, no assessment was paid which resulted in unspent budget funds of \$483,681. It does not appear this expense will need to be budgeted in the future as UIA issued a reimbursement in the current fiscal year for a portion of the assessments the City has already paid and UIA has indicated they will continue to issue additional reimbursements going forward until all participating cities are reimbursed for all assessments paid.
  - Various facility maintenance projects were not able to be completed leaving \$383,780 in unspent budget funds.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

- Wages and employee benefit costs were lower than budget by \$346,792. The variance is primarily due to vacant positions that occur naturally throughout the fiscal year.
  - Professional and technical services accounts were lower than budget by \$177,523 as expected service costs were either delayed or determined to not be necessary.
  - Election costs were lower than budget by \$78,588 because a large part of these expected costs were covered by Utah County.
  - Various contingency accounts were not used and thus, were lower than budget by \$462,744.
- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$2,385,454 (8.63%). A portion of the variance, \$272,376, is due to lower than expected regular pay, overtime, and fringe benefits as all positions are fully funded even though employee turnover regularly occurs leaving gaps in positions being occupied. There was also \$213,362 of vehicles, equipment, and uniform costs that did not get purchased by the end of the fiscal year but were budgeted as well as \$1,058,857 of budgeted fire apparatus that is being accumulated until there are enough funds to pay for the equipment with cash.
  - Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$2,811,732 (32.62%). Most of this variance can be attributed to various street overlay/reconstruction projects, slurry seal projects, micro-surfacing, and street striping projects that were not completed by fiscal year end but are expected to be completed in the next fiscal year.
  - Parks, Recreation, and Arts – Expenditures – Actual amounts were lower than budgeted by \$656,043 (8.42%). Personnel costs were lower than budgeted by \$124,723 due primarily to several positions being vacant for some of the fiscal year and difficulties in finding enough temporary workers to fill all of the City's open positions. There were also several budgeted equipment purchases and capital projects that had funds remaining totaling approximately \$261,000.

### **Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$240,016,440 (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 twelve new vehicles totaling \$432,210, a new ambulance for \$165,904, and a new fire engine for \$730,363. The fire department purchased new cardiac monitors for \$185,955.



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

- The parks division purchased one new vehicle for \$49,568 and two new riding mowers totaling \$44,431. They also completed the Scera Park sprinkler and electrical systems at a cost of \$207,989, a new bike skills park for \$58,412, and shade structures and seating at the Mt. Timpanogos dog park for \$49,197.
- The cemetery division purchased one new vehicle for \$35,044 along with used backhoe for \$64,667.
- The streets division purchased four new vehicles totaling \$244,660, two new backhoes totaling \$223,800, and a asphalt paver for \$178,029.
- Various road, street light, and landscaping projects completed or added to construction in process were approximately \$3,169,000.
- The traffic division purchased a sign plotter for \$17,829.
- The Administrative Services department purchased a new SUV for the City's vehicle pool for \$33,825.
- Recreation replastered the slide pool at Scera Park for \$60,000.
- Several facility projects took place in the current fiscal year at the public works building, public safety building, senior center, fitness center, city center, and library. These projects totaled \$207,416.
- The water division had several waterline projects completed or added to construction in process totaling approximately \$2,128,000. They spent approximately \$1.4 million on the automated meter read technology project that began near the end of the prior fiscal year. They built a storage shed for \$124,819, purchased eight new vehicles totaling \$303,365, and three new backhoes totaling \$335,700. Various equipment purchases totaled \$104,389.
- The water reclamation division had several sewer line projects completed or added to construction in process totaling \$615,329. They purchased three new vehicles totaling \$284,074, a loader for \$136,145, a backhoe for \$111,900, and various other equipment totaling approximately \$225,000.
- The storm water division had several storm water line projects completed or added to construction in process totaling \$1,346,569. A new dump truck was purchased for \$205,360, a backhoe for \$111,900, and two riding mowers totaling \$48,563.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 65,413,637	\$ 65,413,637	\$ 3,888,751	\$ 3,888,751	\$ 69,302,388	\$ 69,302,388
Buildings and Systems	10,770,679	11,874,326	903,558	951,676	11,674,237	12,826,002
Improvements other than Buildings	14,448,809	14,862,754	5,666,716	6,239,505	20,115,525	21,102,259
Machinery and Equipment	7,520,342	6,857,024	4,943,665	4,311,897	12,464,007	11,168,921
Infrastructure	49,214,504	50,433,122	71,630,197	70,014,860	120,844,701	120,447,982
Construction in Progress	1,443,114	490,272	3,054,478	726,049	4,497,592	1,216,321
Intangibles	-	-	1,117,990	1,018,790	1,117,990	1,018,790
Total Capital Assets	<u>\$ 148,811,085</u>	<u>\$ 149,931,135</u>	<u>\$ 91,205,355</u>	<u>\$ 87,151,528</u>	<u>\$ 240,016,440</u>	<u>\$ 237,082,663</u>

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

Additional information on the City's capital assets can be found in the footnotes to this financial report on pages 70-72.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$53,989,000. Of this amount, \$30,560,000 comprises debt backed by the full faith and credit of the government and \$23,429,000 is debt (i.e. revenue bonds) secured solely by specific revenue sources such as sales taxes, franchise taxes, special assessments, 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	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 30,560,000	\$ 7,310,000	\$ -	\$ -	\$ 30,560,000	\$ 7,310,000
Revenue Bonds	1,338,000	1,807,000	22,091,000	24,065,000	23,429,000	25,872,000
Total Bonds	<u>\$ 31,898,000</u>	<u>\$ 9,117,000</u>	<u>\$ 22,091,000</u>	<u>\$ 24,065,000</u>	<u>\$ 53,989,000</u>	<u>\$ 33,182,000</u>

The City's total bonded debt increased by \$20,807,000 (62.71%) during the current fiscal year. The City made its final payment on the 2009 General Obligation Refunding Bonds but the citizens of Orem City approved the issuance of \$24,500,000 of new 2019 General Obligation Bonds to fund the Library Hall construction project and Fitness Center Renovation project.

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

State statutes limit the amount of general obligation debt for general purposes a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$341,369,163, 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 \$372,228,481. 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 \$713,597,644. More detailed information can be found on pages 168-169.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 75-81.

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

- The unemployment rate for the City of Orem at June 30, 2019 was 3.1%. The City's unemployment rate compares favorably to the national rate of 3.8%. The City has a relatively high technology based



**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2019**

workforce comparative to other areas of the county and state which can be impacted (for good or bad) to a slightly higher degree than many other workforce groups in the economy. The table below provides current year comparative information as well as a historical perspective. (Source: U.S. Bureau of Labor Statistics).

**HISTORICAL ANNUAL UNEMPLOYMENT RATES**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City	3.5%	3.9%	3.7%	3.3%	3.1%
County	3.6%	3.9%	3.6%	3.4%	3.1%
State	3.8%	4.2%	3.9%	3.5%	3.2%
Nation	5.5%	5.1%	4.5%	4.2%	3.8%

- The General Fund budget for the fiscal year ending June 30, 2020 reflects a decrease of \$1,693,780 or 2.61% in revenues, excluding appropriations of surplus, compared to the final actual revenues for the fiscal year ended June 30, 2019. The decrease in revenues is due primarily to a decrease in intergovernmental revenues (primarily grants). Budgeted expenditures increased by \$416,700 or 0.66% over the final fiscal year ended June 30, 2019, expenditures. Most of this is due to the personnel cost increases and additional capital projects and acquisitions in next year's budget.
- Economic trends in the region continue to compare favorably to national indices. Sales tax revenues continue to increase in comparison to the prior year. Building permits continue to be a good, although variable, source of revenue. These revenue sources as well as others are monitored very closely so the City can identify what future spending may be able to be added should positive revenue trends continue.

All of these factors were considered in preparing the City's budget for the 2019-2020 fiscal year.

**Request For Information**

This financial report provides a general overview of the City of Orem's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

# **BASIC FINANCIAL STATEMENTS**



City of Orem  
Statement of Net Position  
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 32,239,058	\$ 46,955,101	\$ 79,194,159
Receivables (Net of Allowance for Uncollectibles)	799,495	4,553,119	5,352,614
Property and Other Taxes Receivable	10,566,378	-	10,566,378
Special Assessments Receivable	33,817	-	33,817
Intergovernmental Receivables	158,668	-	158,668
Investments	13,736,662	-	13,736,662
Inventory	322,563	-	322,563
Notes Receivable	148,310	-	148,310
Prepaid Expenses	65,983	-	65,983
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	3,409,795	2,121,261	5,531,056
Capital Improvements	37,834,285	983,589	38,817,874
Other Purposes	4,026,104	-	4,026,104
Receivables:			
Debt Service	1,578,201	-	1,578,201
Capital Improvement Projects	3,092,124	-	3,092,124
Other Purposes	1,265,141	-	1,265,141
Investments:			
Debt Service	2,420,126	-	2,420,126
Capital Improvement Projects	2,083,122	-	2,083,122
Net Pension Assets	-	-	-
Capital Assets:			
Non-depreciable Capital Assets	66,856,751	8,061,219	74,917,970
Depreciable Capital Assets (net)	81,954,334	83,144,136	165,098,470
Total Assets	<u>262,590,917</u>	<u>145,818,425</u>	<u>408,409,342</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Loss on Debt Refundings	170,171	848,562	1,018,733
Pensions	10,848,862	2,007,946	12,856,808
Total Deferred Outflows of Resources	<u>11,019,033</u>	<u>2,856,508</u>	<u>13,875,541</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 273,609,950</u>	<u>\$ 148,674,933</u>	<u>\$ 422,284,883</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,182,533	\$ 1,786,325	\$ 2,968,858
Customer Deposits	6,999,472	112,503	7,111,975
Accrued Liabilities	1,151,144	348,019	1,499,163
Unearned Revenues	1,487,209	450,786	1,937,995
Accrued Interest Payable	443,899	182,459	626,358
Liabilities Payable from Restricted Assets	518,833	-	518,833
Noncurrent Liabilities:			
Due within One Year	4,672,782	2,467,693	7,140,475
Due in more than One Year	56,853,321	23,590,953	80,444,274
Total Liabilities	<u>73,309,193</u>	<u>28,938,738</u>	<u>102,247,931</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenues - Property Taxes	9,589,742	-	9,589,742
Pensions	1,016,068	188,058	1,204,126
Total Deferred Inflows of Resources	<u>10,605,810</u>	<u>188,058</u>	<u>10,793,868</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	134,356,643	69,151,941	203,508,584
Restricted for:			
Debt Service	5,845,268	2,121,261	7,966,529
Capital Improvements	41,220,022	983,589	42,203,611
Community Development	3,832,719	-	3,832,719
Unrestricted	4,440,295	47,291,346	51,731,641
Total Net Position	<u>189,694,947</u>	<u>119,548,137</u>	<u>309,243,084</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 273,609,950</u>	<u>\$ 148,674,933</u>	<u>\$ 422,284,883</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, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 15,017,456	\$ 11,286,060	\$ 9,628	\$ -
Public Safety	25,463,111	6,405,407	827,673	262,450
Highways and Public Improvements	7,688,525	226,447	2,500	3,578,135
Parks, Recreation and Arts	9,613,483	1,506,624	45,050	1,405,326
Economic and Physical Development	887,655	124,234	390,803	896
Redevelopment	1,004,364	-	117,192	-
Interest on Long-term Debt	4,122,763	-	-	-
Total Governmental Activities	<u>63,797,357</u>	<u>19,548,772</u>	<u>1,392,846</u>	<u>5,246,807</u>
Business-type Activities:				
Water	13,361,446	18,934,096	-	2,437,797
Water Reclamation	7,517,084	11,519,137	-	1,522,171
Storm Water	2,837,289	4,775,819	-	236,733
Recreation	2,041,021	1,609,329	-	-
Solid Waste	3,764,859	3,845,141	-	-
Street Lighting	474,442	1,214,710	-	-
Total Business-type Activities	<u>29,996,141</u>	<u>41,898,232</u>	<u>-</u>	<u>4,196,701</u>
Total Primary Government	<u>\$ 93,793,498</u>	<u>\$ 61,447,004</u>	<u>\$ 1,392,846</u>	<u>\$ 9,443,508</u>

General Revenues:

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

Transfers In (Out)

Total General Revenues and Transfers

Change in Total Net Position

Total Net Position - Beginning

Total Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,721,768)	\$ -	\$ (3,721,768)
(17,967,581)	-	(17,967,581)
(3,881,443)	-	(3,881,443)
(6,656,483)	-	(6,656,483)
(371,722)	-	(371,722)
(887,172)	-	(887,172)
(4,122,763)	-	(4,122,763)
(37,608,932)	-	(37,608,932)
-	8,010,447	8,010,447
-	5,524,224	5,524,224
-	2,175,263	2,175,263
-	(431,692)	(431,692)
-	80,282	80,282
-	740,268	740,268
-	16,098,792	16,098,792
(37,608,932)	16,098,792	(21,510,140)
24,944,421	-	24,944,421
9,701,393	-	9,701,393
7,887,332	-	7,887,332
647,195	-	647,195
239,294	-	239,294
2,289,679	1,088,658	3,378,337
163,730	7,115	170,845
637,275	(637,275)	-
46,510,319	458,498	46,968,817
8,901,387	16,557,290	25,458,677
180,793,560	102,990,847	283,784,407
\$ 189,694,947	\$ 119,548,137	\$ 309,243,084



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City of Orem  
Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 10,270,762	\$ 1,258,108	\$ 16,212,393	\$ 338,908	\$ 28,080,171
Receivables (Net of Allowance for Uncollectibles)	799,495	-	-	-	799,495
Property Taxes Receivable	5,601,541	-	-	-	5,601,541
Other Taxes Receivable	4,964,837	-	-	-	4,964,837
Special Assessments Receivable	33,817	-	-	-	33,817
Intergovernmental Receivables	79,929	15,347	-	63,392	158,668
Notes Receivable	-	-	-	148,310	148,310
Investments	13,736,662	-	-	-	13,736,662
Prepaids	36,328	-	-	-	36,328
Restricted Cash and Cash Equivalents:					
Debt Service	804,920	2,604,875	-	-	3,409,795
Capital Improvement Projects	1,641,990	-	-	36,192,295	37,834,285
Other Purposes	899,007	-	-	3,127,097	4,026,104
Restricted Receivables:					
Debt Service	-	1,578,201	-	-	1,578,201
Capital Improvement Projects	682,124	-	-	2,410,000	3,092,124
Other Purposes	185,649	-	-	1,046,657	1,232,306
Restricted Investments:					
Debt Service	2,420,126	-	-	-	2,420,126
Capital Improvement Projects	2,083,122	-	-	-	2,083,122
Total Assets	<u>\$ 44,240,309</u>	<u>\$ 5,456,531</u>	<u>\$ 16,212,393</u>	<u>\$ 43,326,659</u>	<u>\$ 109,235,892</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 455,566	\$ -	\$ 13,465	\$ 646,950	\$ 1,115,981
Customer Deposits	6,998,972	-	500	-	6,999,472
Accrued Liabilities	1,609,713	-	-	10,250	1,619,963
Unearned Revenues	1,286,155	-	183,079	17,975	1,487,209
Liabilities Payable from Restricted Assets	518,833	-	-	-	518,833
Total Liabilities	<u>10,869,239</u>	<u>-</u>	<u>197,044</u>	<u>675,175</u>	<u>11,741,458</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenues - Property Taxes	5,601,541	1,578,201	-	2,410,000	9,589,742
Deferred Revenues - Receivables	275,112	-	-	383,822	658,934
Total Deferred Inflows of Resources	<u>5,876,653</u>	<u>1,578,201</u>	<u>-</u>	<u>2,793,822</u>	<u>10,248,676</u>
<b>FUND BALANCES</b>					
Nonspendable	36,328	-	-	-	36,328
Restricted	8,673,237	2,620,222	-	39,538,567	50,832,026
Assigned	4,836,744	1,258,108	16,015,349	319,095	22,429,296
Unassigned	13,948,108	-	-	-	13,948,108
Total Fund Balances	<u>27,494,417</u>	<u>3,878,330</u>	<u>16,015,349</u>	<u>39,857,662</u>	<u>87,245,758</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,240,309</u>	<u>\$ 5,456,531</u>	<u>\$ 16,212,393</u>	<u>\$ 43,326,659</u>	<u>\$ 109,235,892</u>

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

Capital assets used in governmental funds are not financial resources.	148,811,085
Net Pension Assets and Deferred Outflows of Resources are not available financial resources and are not reported in the governmental funds.	11,019,033
Other restricted assets are not available financial resources and are not reported in the governmental funds.	32,835
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.	658,934
Internal service funds are used by management to charge the cost of fleet management, self-insurance, purchasing/warehousing, and information technology. The current assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	3,773,807
Long-term liabilities, including bonds payable, compensated absences, and pensions, are not due and payable in the current period.	(60,940,663)
Other financial obligations not due and payable in the current period.	554,125
Interest payable on long-term obligations do not require current financial resources and are not reported in the governmental funds.	(443,899)
Deferred Inflows of Resources related to pensions do not require current financial resources and are not reported in the governmental funds.	(1,016,068)
Net Position of Governmental Activities	<u>\$ 189,694,947</u>

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, 2019

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes and Special Assessments	\$ 37,451,879	\$ 1,675,341	\$ -	\$ 4,608,466	\$ 43,735,686
Licenses and Permits	2,564,527	-	-	-	2,564,527
Intergovernmental	4,288,645	-	147,192	391,699	4,827,536
Charges for Services	8,770,437	-	-	142,255	8,912,692
Fines and Forfeitures	1,736,445	-	-	-	1,736,445
Charges for Services - Other Funds	4,813,925	-	-	-	4,813,925
Impact Fees	-	-	-	1,812,117	1,812,117
Investment Earnings	1,564,034	39,379	-	683,222	2,286,635
Miscellaneous Revenue	812,032	-	308,557	241,665	1,362,254
Total Revenues	<u>62,001,924</u>	<u>1,714,720</u>	<u>455,749</u>	<u>7,879,424</u>	<u>72,051,817</u>
<b>EXPENDITURES</b>					
Current:					
General Government	14,378,024	-	-	-	14,378,024
Public Safety	23,577,274	-	-	-	23,577,274
Highways and Public Improvements	3,195,426	-	-	-	3,195,426
Parks, Recreation and Arts	6,862,887	-	-	1,026,244	7,889,131
Economic and Physical Development	215,183	-	316,022	261,101	792,306
Redevelopment	-	-	-	911,069	911,069
Debt Service:					
Principal Retirement	-	1,745,799	-	75,000	1,820,799
Interest and Fiscal Charges	-	3,405,489	-	38,964	3,444,453
Bond Issuance Costs	-	-	-	250,279	250,279
Capital Leases - Principal	-	426,000	-	-	426,000
Capital Leases - Interest	-	126,221	-	-	126,221
Capital Outlay	4,723,059	-	1,271,869	748,618	6,743,546
Total Expenditures	<u>52,951,853</u>	<u>5,703,509</u>	<u>1,587,891</u>	<u>3,311,275</u>	<u>63,554,528</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>9,050,071</u>	<u>(3,988,789)</u>	<u>(1,132,142)</u>	<u>4,568,149</u>	<u>8,497,289</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Asset Disposals	139,855	-	-	15,200	155,055
Issuance of Bonds	-	-	-	24,500,000	24,500,000
Bond Issuance Premium	-	-	-	3,709,763	3,709,763
Transfers In	2,647,635	6,767,858	5,285,019	2,008	14,702,520
Transfers Out	(9,727,081)	-	(33,615)	(4,236,105)	(13,996,801)
Total Other Financing Sources (Uses)	<u>(6,939,591)</u>	<u>6,767,858</u>	<u>5,251,404</u>	<u>23,990,866</u>	<u>29,070,537</u>
Net Change in Fund Balances	<u>2,110,480</u>	<u>2,779,069</u>	<u>4,119,262</u>	<u>28,559,015</u>	<u>37,567,826</u>
Fund Balance - Beginning	<u>25,383,937</u>	<u>1,099,261</u>	<u>11,896,087</u>	<u>11,298,647</u>	<u>49,677,932</u>
Fund Balance - Ending	<u>\$ 27,494,417</u>	<u>\$ 3,878,330</u>	<u>\$ 16,015,349</u>	<u>\$ 39,857,662</u>	<u>\$ 87,245,758</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, 2019**

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

Net Change in Fund Balances - Total Governmental Funds		\$ 37,567,826
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	\$ 5,495,770	
Depreciation Expense	<u>(6,656,163)</u>	(1,160,393)
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.		
Issuance of Long-term Debt recorded as a long-term liability	\$ (24,500,000)	
Principal Payments recorded as a reduction of the long-term liability	<u>2,246,799</u>	(22,253,201)
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.		
Bond (Premiums) Discounts	\$ (3,709,763)	
Amortization of Bond Refundings - Loss on Defeasance	(38,865)	
Amortization of Bond Premiums (Discounts)	<u>123,627</u>	(3,625,001)
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	\$ (18,098)	
Interest Expense	(386,572)	
Pension Expense	(1,079,169)	
Other Post Employment Benefits (OPEB) Expense	<u>55,060</u>	(1,428,779)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Special Assessment Revenues	\$ (313,007)	
Charges for Services Revenues	(78,133)	
Gain (Loss) on Sale of Capital Assets	8,675	
Pension Revenues - Nonemployer Contributions	<u>237,062</u>	(145,403)
Internal service funds are used by management to charge the costs of fleet management, purchasing/warehousing and self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>(53,662)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 8,901,387</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, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Taxes and Special Assessments	\$ 37,391,968	\$ 37,391,968	\$ 37,451,879	\$ 59,911
Licenses and Permits	1,465,000	1,465,000	2,564,527	1,099,527
Intergovernmental	3,483,500	3,949,907	4,288,645	338,738
Charges for Services	7,908,937	7,909,369	8,770,437	861,068
Fines and Forfeitures	1,548,300	1,754,600	1,736,445	(18,155)
Charges for Services - Other Funds	4,813,925	4,813,925	4,813,925	-
Investment Earnings	457,000	457,000	1,564,034	1,107,034
Miscellaneous Revenues	575,155	624,286	812,032	187,746
Total Revenues	57,643,785	58,366,055	62,001,924	3,635,869
<b>EXPENDITURES</b>				
General Government:				
Legislative	432,889	432,089	378,884	53,205
Executive	3,872,471	4,571,812	3,289,899	1,281,913
Administrative Services	4,680,681	4,831,399	4,469,431	361,968
Development Services	4,114,619	4,412,492	3,791,672	620,820
Legal Services	1,279,166	1,278,947	1,190,369	88,578
Other - Unclassified	2,158,274	1,601,439	1,427,355	174,084
Total General Government	16,538,100	17,128,178	14,547,610	2,580,568
Public Safety:				
Police	14,749,715	16,177,627	15,605,248	572,379
Fire	10,292,906	11,458,235	9,645,160	1,813,075
Total Public Safety	25,042,621	27,635,862	25,250,408	2,385,454
Highways and Public Improvements:				
Administration	578,526	587,550	514,380	73,170
Traffic and Streets	5,934,419	8,031,154	5,292,592	2,738,562
Total Highways and Public Improvements	6,512,945	8,618,704	5,806,972	2,811,732
Parks, Recreation and Arts	7,212,187	7,787,723	7,131,680	656,043
Economic and Physical Development	280,870	349,334	215,183	134,151
Debt Service:				
Principal Retirement	-	-	-	-
Capital Leases - Principal	-	-	-	-
Capital Leases - Interest	-	-	-	-
Total Debt Service	-	-	-	-
Total Expenditures	55,586,723	61,519,801	52,951,853	8,433,797
Excess of Revenues over Expenditures	2,057,062	(3,153,746)	9,050,071	12,203,817
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Asset Disposals	20,000	20,000	139,855	119,855
Capital Leases	-	-	-	-
Transfers In	2,732,836	2,697,104	2,647,635	(49,469)
Transfers Out	(5,233,898)	(9,743,206)	(9,727,081)	16,125
Total Other Financing Sources (Uses)	(2,481,062)	(7,026,102)	(6,939,591)	86,511
Net Change in Fund Balance	(424,000)	(10,179,848)	2,110,480	12,290,328
Fund Balance - Beginning	25,383,937	25,383,937	25,383,937	-
Fund Balance - Ending	\$ 24,959,937	\$ 15,204,089	\$ 27,494,417	\$ 12,290,328

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, 2019

	Business-type Activities - Enterprise Funds					
	Water	Water	Water	Water	Storm Water	Storm Water
	Fund	Fund	Reclamation	Reclamation	Fund	Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 23,639,374	\$ 19,729,369	\$ 13,048,909	\$ 9,648,422	\$ 6,544,697	\$ 6,334,360
Accounts Receivable (Net of Allowance for Doubtful Accounts)	2,210,167	2,783,157	1,297,346	1,058,558	488,531	447,573
Inventories	-	-	-	-	-	-
Restricted Cash & Cash Equivalents:						
Debt Service	1,704,761	1,638,491	416,500	357,000	-	-
Capital Improvements	250,058	32,739	588,240	132,000	145,291	29,988
Total Current Assets	27,804,360	24,183,756	15,350,995	11,195,980	7,178,519	6,811,921
Noncurrent Assets:						
Capital Assets:						
Land	-	-	570,209	570,209	3,278,720	3,278,720
Buildings and Systems	903,086	778,267	3,097,885	3,097,885	679,293	679,293
Improvements other than Buildings	9,262,916	9,212,916	2,028,934	2,028,934	115,667	115,667
Machinery and Equipment	3,134,180	2,593,651	6,508,753	6,134,860	2,479,978	2,596,619
Infrastructure	58,476,549	56,114,342	46,724,780	45,790,787	18,805,721	17,110,840
Construction in Progress	2,006,870	45,171	697,608	97,744	350,000	583,134
Intangibles	997,276	997,276	99,200	-	21,514	21,514
Less Accumulated Depreciation	(30,834,904)	(28,478,136)	(32,159,710)	(30,404,404)	(8,730,164)	(8,465,306)
Total Capital Assets (Net of Accumulated Depreciation)	43,945,973	41,263,487	27,567,659	27,316,015	17,000,729	15,920,481
Total Noncurrent Assets	43,945,973	41,263,487	27,567,659	27,316,015	17,000,729	15,920,481
Total Assets	71,750,333	65,447,243	42,918,654	38,511,995	24,179,248	22,732,402
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Debt Refundings	683,008	776,580	-	-	165,554	192,956
Pensions	866,320	689,244	601,894	582,717	347,656	255,714
Total Deferred Outflows of Resources	1,549,328	1,465,824	601,894	582,717	513,210	448,670
Total Assets & Deferred Outflows of Resources	\$ 73,299,661	\$ 66,913,067	\$ 43,520,548	\$ 39,094,712	\$ 24,692,458	\$ 23,181,072
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 907,774	\$ 1,556,129	\$ 501,901	\$ 1,064,839	\$ 41,065	\$ 247,507
Customer Deposits	112,503	103,356	-	-	-	-
Accrued Liabilities	125,871	83,482	78,543	80,785	36,008	31,507
Due to Other Funds	-	-	-	-	-	-
Accrued Vacation Leave	102,490	104,901	113,188	108,944	62,936	67,836
Claims and Judgments	-	-	-	-	-	-
Unearned Revenue	103,843	79,813	-	-	-	-
Accrued Interest Payable	152,889	163,128	-	-	29,570	33,673
Capital Leases Payable - Current Portion	-	-	-	-	-	-
Bonds Payable - Current Portion	1,145,305	1,058,595	594,000	594,000	415,606	423,316
Total Current Liabilities	2,650,675	3,149,404	1,287,632	1,848,568	585,185	803,839
Noncurrent Liabilities:						
Accrued Vacation Leave	5,394	5,087	5,957	4,913	3,313	3,281
Claims and Judgments	-	-	-	-	-	-
Capital Leases Payable - Long-term Portion	-	-	-	-	-	-
Bonds Payable - Long-term Portion	10,988,421	12,133,726	7,137,000	7,731,000	2,621,646	3,037,252
Net Pension Liability	1,219,879	625,265	847,537	528,626	489,542	231,979
Total Noncurrent Liabilities	12,213,694	12,764,078	7,990,494	8,264,539	3,114,501	3,272,512
Total Liabilities	14,864,369	15,913,482	9,278,126	10,113,107	3,699,686	4,076,351
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions	81,137	447,665	56,371	378,476	32,560	166,086
Total Deferred Inflows of Resources	81,137	447,665	56,371	378,476	32,560	166,086
<b>NET POSITION</b>						
Net Investment in Capital Assets	32,495,256	28,847,746	19,836,660	18,991,015	14,129,031	12,652,869
Restricted for Debt Service	1,704,761	1,638,491	416,500	357,000	-	-
Restricted for Capital Improvements	250,058	32,739	588,240	132,000	145,291	29,988
Unrestricted	23,904,080	20,032,944	13,344,651	9,123,114	6,685,890	6,255,778
Total Net Position	58,354,155	50,551,920	34,186,051	28,603,129	20,960,212	18,938,635
Total Liabilities, Deferred Inflows of Resources, & Net Position	\$ 73,299,661	\$ 66,913,067	\$ 43,520,548	\$ 39,094,712	\$ 24,692,458	\$ 23,181,072

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
\$ 3,722,121	\$ 2,699,006	\$ 46,955,101	\$ 38,411,157	\$ 4,158,887
557,075	530,891	4,553,119	4,820,179	-
-	-	-	-	322,563
-	-	2,121,261	1,995,491	-
-	-	983,589	194,727	-
4,279,196	3,229,897	54,613,070	45,421,554	4,511,105
39,822	39,822	3,888,751	3,888,751	-
4,125,955	4,125,955	8,806,219	8,681,400	150,000
1,911,903	1,911,903	13,319,420	13,269,420	-
127,513	100,389	12,250,424	11,425,519	381,149
2,517,096	2,332,084	126,524,146	121,348,053	-
-	-	3,054,478	726,049	-
-	-	1,117,990	1,018,790	-
(6,031,295)	(5,858,608)	(77,756,073)	(73,206,454)	(270,702)
2,690,994	2,651,545	91,205,355	87,151,528	260,447
2,690,994	2,651,545	91,205,355	87,151,528	260,447
6,970,190	5,881,442	145,818,425	132,573,082	4,771,552
-	-	848,562	969,536	-
192,076	179,933	2,007,946	1,707,608	938,558
192,076	179,933	2,856,508	2,677,144	938,558
\$ 7,162,266	\$ 6,061,375	\$ 148,674,933	\$ 135,250,226	\$ 5,710,110
\$ 335,585	\$ 315,553	\$ 1,786,325	\$ 3,184,028	\$ 66,552
-	-	112,503	103,356	-
107,597	90,173	348,019	285,947	85,306
-	-	-	-	-
34,168	41,853	312,782	323,534	132,138
-	-	-	-	428,816
346,943	434,310	450,786	514,123	-
-	-	182,459	196,801	-
-	-	-	-	24,486
-	-	2,154,911	2,075,911	-
824,293	881,889	5,347,785	6,683,700	737,298
1,799	2,225	16,463	15,506	19,303
-	-	-	-	950,215
-	-	-	-	55,443
-	-	20,747,067	22,901,978	-
270,465	163,232	2,827,423	1,549,102	1,321,599
272,264	165,457	23,590,953	24,466,586	2,346,560
1,096,557	1,047,346	28,938,738	31,150,286	3,083,858
17,990	116,866	188,058	1,109,093	87,902
17,990	116,866	188,058	1,109,093	87,902
2,690,994	2,651,545	69,151,941	63,143,175	180,518
-	-	2,121,261	1,995,491	-
-	-	983,589	194,727	-
3,356,725	2,245,618	47,291,346	37,657,454	2,357,832
6,047,719	4,897,163	119,548,137	102,990,847	2,538,350
\$ 7,162,266	\$ 6,061,375	\$ 148,674,933	\$ 135,250,226	\$ 5,710,110

City of Orem  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For The Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				
	Water	Water	Water	Water	Storm Water
	Fund	Fund	Reclamation	Reclamation	Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 16,599,238	\$ 15,786,883	\$ 10,742,759	\$ 8,946,217	\$ 4,742,879
Other Revenues	2,334,858	2,568,917	776,378	732,541	32,940
Total Operating Revenues	18,934,096	18,355,800	11,519,137	9,678,758	4,775,819
<b>OPERATING EXPENSES</b>					
Personnel Services	2,536,949	2,173,854	2,203,780	2,151,919	913,029
Supplies and Maintenance	807,759	842,855	708,953	653,966	233,831
Administrative Fee	1,330,443	1,197,045	799,876	724,066	335,342
Utilities	645,310	449,091	737,286	672,225	6,216
Contract Services	3,502,523	3,670,352	665,490	667,549	338,666
Equipment Lease and Rentals	26,062	45,589	2,028	15,036	2,487
Insurance	158,740	158,740	117,580	117,580	48,180
Charges in Lieu of Property Tax	71,787	71,787	52,665	52,665	29,316
Depreciation Expense	2,450,650	2,292,808	1,878,848	1,742,179	764,195
Miscellaneous	145,765	140,386	155,527	141,446	80,180
Total Operating Expenses	11,675,988	11,042,507	7,322,033	6,938,631	2,751,442
Operating Income (Loss)	7,258,108	7,313,293	4,197,104	2,740,127	2,024,377
<b>NONOPERATING REVENUES AND EXPENSES</b>					
Investment Earnings	593,920	308,985	270,382	135,232	140,308
Gain (Loss) on Sale of Capital Assets	5,346	52,569	1,769	9,500	-
Impact Fee Expenditures	(1,360,079)	(1,183,268)	(195,051)	(178,507)	(6,252)
Interest Expense	(325,379)	(345,213)	-	-	(79,595)
Total Nonoperating Revenues & Expenses	(1,086,192)	(1,166,927)	77,100	(33,775)	54,461
Income (Loss) before Transfers and Contributions	6,171,916	6,146,366	4,274,204	2,706,352	2,078,838
Contributions from Developers	2,437,797	2,951,363	1,522,171	903,355	236,733
Transfers In	166,027	157,278	-	-	-
Transfers Out	(973,505)	(996,201)	(213,453)	(240,915)	(293,994)
Change in Net Position	7,802,235	8,258,806	5,582,922	3,368,792	2,021,577
Total Net Position - Beginning	50,551,920	42,293,114	28,603,129	25,234,337	18,938,635
Total Net Position - Ending	\$ 58,354,155	\$ 50,551,920	\$ 34,186,051	\$ 28,603,129	\$ 20,960,212

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
\$ 4,346,523	\$ 6,378,270	\$ 6,294,179	\$ 38,463,146	\$ 35,373,802	\$ 5,367,872
3,600	290,910	91,681	3,435,086	3,396,739	11,016
4,350,123	6,669,180	6,385,860	41,898,232	38,770,541	5,378,888
818,058	1,512,637	1,399,600	7,166,395	6,543,431	2,254,068
244,428	372,243	482,298	2,122,786	2,223,547	3,074,288
306,712	324,396	292,069	2,790,057	2,519,892	-
8,229	431,367	407,870	1,820,179	1,537,415	-
220,845	3,309,199	3,165,310	7,815,878	7,724,056	-
9,575	780	548,706	31,357	618,906	163
48,180	26,500	26,500	351,000	351,000	-
29,316	-	-	153,768	153,768	-
719,150	172,687	156,806	5,266,380	4,910,943	35,740
74,624	130,513	113,012	511,985	469,468	-
2,479,117	6,280,322	6,592,171	28,029,785	27,052,426	5,364,259
1,871,006	388,858	(206,311)	13,868,447	11,718,115	14,629
92,365	84,048	52,213	1,088,658	588,795	-
17,705	-	-	7,115	79,774	1,223
-	-	-	(1,561,382)	(1,361,775)	-
(88,517)	-	-	(404,974)	(433,730)	(1,070)
21,553	84,048	52,213	(870,583)	(1,126,936)	153
1,892,559	472,906	(154,098)	12,997,864	10,591,179	14,782
119,090	-	-	4,196,701	3,973,808	-
-	1,180,000	1,179,000	1,346,027	1,336,278	-
(275,948)	(502,350)	(539,204)	(1,983,302)	(2,052,268)	(68,444)
1,735,701	1,150,556	485,698	16,557,290	13,848,997	(53,662)
17,202,934	4,897,163	4,411,465	102,990,847	89,141,850	2,592,012
\$ 18,938,635	\$ 6,047,719	\$ 4,897,163	\$ 119,548,137	\$ 102,990,847	\$ 2,538,350

**City of Orem**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2019**

	Business-type Activities - Enterprise Funds			
	Water	Water	Water	Water
	Fund	Fund	Reclamation	Reclamation
	Current Year	Prior Year	Current Year	Prior Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 19,531,116	\$ 18,658,731	\$ 11,280,349	\$ 9,652,724
Receipts from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(5,997,154)	(6,006,092)	(3,002,467)	(1,698,217)
Payments for Personnel	(2,445,654)	(2,226,537)	(2,223,105)	(2,186,070)
Payments for Interfund Services Used	(1,330,443)	(1,197,045)	(799,876)	(724,066)
Net Cash Provided (Used) by Operating Activities	9,757,865	9,229,057	5,254,901	5,044,371
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	166,027	157,278	-	-
Transfers Out	(973,505)	(996,201)	(213,453)	(240,915)
Net Cash Provided (Used) by Noncapital Activities	(807,478)	(838,923)	(213,453)	(240,915)
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(4,370,143)	(922,821)	(1,378,936)	(1,453,890)
Proceeds from Sales of Capital Assets	70,013	59,286	143,093	9,500
Receipts from Impact Fees Collected	1,610,137	1,183,268	629,291	178,507
Payments to Developers - Impact Fees	(1,360,079)	(1,183,268)	(195,051)	(178,507)
Principal paid on Outstanding Debt	(969,380)	(901,565)	(594,000)	(594,000)
Interest paid on Outstanding Debt	(331,261)	(350,411)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,350,713)	(2,115,511)	(1,395,603)	(2,038,390)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment Earnings	593,920	308,985	270,382	135,232
Net Cash Provided (Used) by Investing Activities	593,920	308,985	270,382	135,232
Net Increase (Decrease) in Cash and Cash Equivalents	4,193,594	6,583,608	3,916,227	2,900,298
Cash and Cash Equivalents - Beginning of Year	21,400,599	14,816,991	10,137,422	7,237,124
Cash and Cash Equivalents - End of Year	\$ 25,594,193	\$ 21,400,599	\$ 14,053,649	\$ 10,137,422
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
<b>Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 7,258,108	\$ 7,313,293	\$ 4,197,104	\$ 2,740,127
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash</b>				
<b>Provided (Used) by Operating Activities:</b>				
Depreciation Expense	\$ 2,450,650	\$ 2,292,808	\$ 1,878,848	\$ 1,742,179
(Increase) Decrease in Receivables	572,990	302,931	(238,788)	(26,034)
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Pension Assets	(177,076)	75,091	(19,177)	63,485
Increase (Decrease) in Accounts Payable	(648,355)	(653,966)	(562,938)	622,250
Increase (Decrease) in Customer Deposits	9,147	25,838	-	-
Increase (Decrease) in Accrued Liabilities	42,389	4,102	(2,242)	3,860
Increase (Decrease) in Unearned Revenue	24,030	836	-	-
Increase (Decrease) in Accrued Vacation Leave	(2,104)	9,454	5,288	17,990
Increase (Decrease) in Pension Liabilities	228,086	(141,330)	(3,194)	(119,486)
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	2,499,757	1,915,764	1,057,797	2,304,244
Net Cash Provided (Used) by Operating Activities	\$ 9,757,865	\$ 9,229,057	\$ 5,254,901	\$ 5,044,371
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Contributions of Capital Assets from Developers	\$ 827,660	\$ 1,768,095	\$ 892,880	\$ 724,848

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
\$ 4,734,861	\$ 4,304,728	\$ 6,642,996	\$ 6,369,033	\$ 42,189,322	\$ 38,985,216	\$ -
(945,318)	(424,681)	(4,337,709)	(4,624,717)	(14,282,648)	(12,753,707)	5,378,888
(881,301)	(832,812)	(1,507,338)	(1,417,648)	(7,057,398)	(6,663,067)	(2,941,369)
(335,342)	(306,712)	(324,396)	(292,069)	(2,790,057)	(2,519,892)	(2,215,881)
2,572,900	2,740,523	473,553	34,599	18,059,219	17,048,550	-
						221,638
		1,180,000	1,179,000	1,346,027	1,336,278	-
(293,994)	(275,948)	(502,350)	(539,204)	(1,983,302)	(2,052,268)	(68,444)
(293,994)	(275,948)	677,650	639,796	(637,275)	(715,990)	(68,444)
(1,729,265)	(909,799)	(212,136)	(622,744)	(7,690,480)	(3,909,254)	(67,407)
	17,705	-	-	213,106	86,491	1,223
121,555	29,988	-	-	2,360,983	1,391,763	(67,407)
(6,252)	-	-	-	(1,561,382)	(1,361,775)	-
(410,620)	(377,435)	-	-	(1,974,000)	(1,873,000)	(15,772)
(68,992)	(77,582)	-	-	(400,253)	(427,993)	(1,070)
(2,093,574)	(1,317,123)	(212,136)	(622,744)	(9,052,026)	(6,093,768)	(79,402)
140,308	92,365	84,048	52,213	1,088,658	588,795	-
140,308	92,365	84,048	52,213	1,088,658	588,795	-
325,640	1,239,817	1,023,115	103,864	9,458,576	10,827,587	73,792
6,364,348	5,124,531	2,699,006	2,595,142	40,601,375	29,773,788	4,017,688
\$ 6,689,988	\$ 6,364,348	\$ 3,722,121	\$ 2,699,006	\$ 50,059,951	\$ 40,601,375	\$ 4,091,480
\$ 2,024,377	\$ 1,871,006	\$ 388,858	\$ (206,311)	\$ 13,868,447	\$ 11,718,115	\$ 14,629
\$ 764,195	\$ 719,150	\$ 172,687	\$ 156,806	\$ 5,266,380	\$ 4,910,943	\$ 35,740
(40,958)	(45,395)	(26,184)	(16,827)	267,060	214,675	-
						80,590
(91,942)	27,859	(12,143)	19,603	(300,338)	186,038	(168,724)
(206,442)	210,516	20,032	3,244	(1,397,703)	182,044	13,936
				9,147	25,838	-
4,501	2,593	17,424	(4)	62,072	10,551	9,255
		(87,367)	115,507	(63,337)	116,343	-
(4,868)	7,227	(8,111)	(524)	(9,795)	34,147	(4,207)
124,037	(52,433)	8,357	(36,895)	357,286	(350,144)	211,118
						58,956
548,523	869,517	84,695	240,910	4,190,772	5,330,435	207,009
\$ 2,572,900	\$ 2,740,523	\$ 473,553	\$ 34,599	\$ 18,059,219	\$ 17,048,550	\$ 221,638
\$ 115,178	\$ 89,102	\$ -	\$ -	\$ 1,835,718	\$ 2,582,045	\$ -



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**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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

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

- The Redevelopment Agency of the City of Orem (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop 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, 2019

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, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The City reports the following major governmental funds:

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

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

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

1. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in the following types of investments (in compliance with the State of Utah's Money Management Act):

- Time certificates of deposit with federally insured depositories.
- Investment in the Utah Public Treasurer's Investment Fund (PTIF).
- Open-end managed money market mutual funds.
- Qualified repurchase agreements with qualified depositories, certified dealers, or certified depositories.
- Other investments allowed by the State of Utah's Money Management Act.

Investments are reported at fair value 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 that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

2. Receivables and Payables

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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 (continued)

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. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Net Pension Assets

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

6. Capital Assets

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



City of Orem  
Notes to the Financial Statements  
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

6. Capital Assets (continued)

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.

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

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

7. Deferred Outflows of Resources

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

8. Compensated Absences

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

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

The government-wide financial statements reflect the entire amount of vested and/or accumulated vacation leave and compensatory time-off

City of Orem  
Notes to the Financial Statements  
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

8. Compensated Absences (continued)

for all governmental and proprietary funds and are thus recorded as a liability in the Statement of Net Position and as an expense in the Statement of Activities.

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

9. Pensions

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

10. Long-term Obligations

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

11. Deferred Inflows of Resources

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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

*12. Fund Balance / Net Position*

Fund Balance

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

Net Position

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

*13. Contributions from Developers*

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

E. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position  
(continued)

Capital Related Items

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	\$ 283,415,690
Accumulated Depreciation	<u>(134,604,605)</u>
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 148,811,085</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, 2019 were as follows:

<u>Long-term Liability Type</u>	
General Obligation Bonds	\$ 30,560,000
Capital Leases	5,974,929
Less: Internal Service Funds - Current Portion	(24,486)
Sales Tax Revenue Bonds	1,208,000
Notes Payable	668,147
Special Improvement District Bonds	130,000
Bond Premiums Deferred	4,091,530
Compensated Absences	2,081,476
Less: Internal Service Funds - Current Portion	(132,138)
Net Pension Obligations	15,276,459
Net OPEB Obligations	156,530
Claims and Judgments	1,379,032
Less: Internal Service Funds - Current Portion	<u>(428,816)</u>
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 60,940,663</u>



City of Orem  
Notes to the Financial Statements  
June 30, 2019

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	\$ 1,250,000
Sales Tax Revenue Bonds	459,000
Capital Leases	426,000
Notes Payable	101,799
Special Improvement District Bonds	10,000
Subtotal	<u>2,246,799</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 2,246,799</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 1<sup>st</sup>. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1<sup>st</sup> and June 22<sup>nd</sup>, the City Council reviews and adjusts the proposed budget. On or before June 22<sup>nd</sup>, a public hearing is held and the budget is legally adopted through passage of an ordinance, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 31<sup>st</sup>, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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

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

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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, 2019, are as follows:

Cash on Hand & On Deposit	Fair Value
Cash on Hand	\$ 64,007
Cash on Deposit - Checking	9,917,624
Cash on Deposit - Payroll	86,981
Total Cash on Hand & On Deposit	<u>\$ 10,068,612</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, 2019, \$11,337,500 of the City's bank balance of \$11,534,250 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2019, is \$10,068,610.

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;

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating 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:

		Fair Value Measurements Using		
Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Debt Securities:				
Utah Public Treasurer's Investment Fund	\$ 113,293,165	\$ -	\$ 113,293,165	\$ -
Zions Bank Inst. Liquidity Management Fund	10,582,681	10,582,681	-	-
Moreton Asset Management Fund	11,864,645	11,864,645	-	-
Total Debt Securities	135,740,491	22,447,326	113,293,165	-
Total Investments by Fair Value Level	\$ 135,740,491	\$ 22,447,326	\$ 113,293,165	\$ -
Total Investments Measured at Fair Value	\$ 135,740,491			



City of Orem  
Notes to the Financial Statements  
June 30, 2019

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, 2019, 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, 2019, 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	\$ 113,293,165	\$ 113,293,165	\$ -	\$ -	\$ -
Zions Bank Inst. Liquidity Management Fund	10,582,681	5,756,108	4,826,573	-	-
Moreton Asset Management Fund	11,864,645	2,355,807	9,508,838	-	-
Total Debt Securities	<u>\$ 135,740,491</u>	<u>\$ 121,405,080</u>	<u>\$ 14,335,411</u>	<u>\$ -</u>	<u>\$ -</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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, 2019, are presented below:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Debt Securities:					
Utah Public Treasurer's Investment Fund	\$ 113,293,165	\$ -	\$ -	\$ -	\$ 113,293,165
Zions Bank Inst. Liquidity Management Fund	10,582,681	5,825,056	1,500,599	1,674,271	1,582,755
Moreton Asset Management Fund	11,864,645	3,419,992	1,564,471	6,879,605	577
Total Debt Securities	<u>\$ 135,740,491</u>	<u>\$ 9,245,048</u>	<u>\$ 3,065,070</u>	<u>\$ 8,553,876</u>	<u>\$ 114,876,497</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, 2019, 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 \$10,582,681 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 \$11,864,645 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, 2019

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, 2018, 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, 2019

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

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, 2019) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2019, the City had \$112,827,434 invested in the PTIF which had a fair value of \$113,293,165 for an unrealized gain of \$465,731.

The following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	96.51 %
Money Market Accounts and Certificates of Deposit	3.49 %
U.S. Government Securities	0.00 %
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



City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

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

Managed Investment Funds (continued)

and gains less losses and administration fees.

As of June 30, 2019, the City had \$10,610,385 invested in the ILM which had a fair value of \$10,582,681 for an unrealized loss of \$27,704.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	29.95 %
Money Market Accounts and Certificates of Deposit	14.92 %
U.S. Government Securities	55.13 %
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, 2019, the City had \$11,877,646 invested in the Moreton Asset Management Fund which had a fair value of \$11,864,645 for an unrealized loss of \$13,001.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	71.14 %
Money Market Accounts and Certificates of Deposit	0.33 %
U.S. Government Securities	28.53 %
Total	100.00 %

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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, 2019, as summarized below, has been shown in the government-wide Statement of Net Position as follows:

Housing Rehabilitation Loans	\$ 148,310
Business Development Loans	235,511
Total	<u>\$ 383,821</u>

E. Receivables

All receivables are expected to be collected within one year except for \$705,676 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, 2019, the various components of *deferred* and *unearned revenues* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes Receivable	\$ 9,589,742	\$ 9,589,742
Accounts and Notes Receivable	241,296	-
Donations and Other Funds to be Used for Specific Programs	-	1,487,211
Grant & Other Money Used in Revolving Loan Programs	383,821	-
Special Assessments not yet Due	33,817	-
Total Deferred & Unearned Revenues for Governmental Funds	<u>\$ 10,248,676</u>	<u>\$ 11,076,953</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

Receivables as of June 30, 2019, 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:

	<u>Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Total Receivables</u>
<u>Governmental Activities</u>			
General:			
Property Taxes	\$ 5,601,541	\$ -	\$ 5,601,541
Other Taxes	4,964,837	-	4,964,837
Special Assessments	33,817	-	33,817
Intergovernmental	947,702	-	947,702
Accounts	1,632,602	(833,107)	799,495
	<u>13,180,499</u>	<u>(833,107)</u>	<u>12,347,392</u>
Debt Service:			
Property Taxes	1,578,201	-	1,578,201
Intergovernmental	15,347	-	15,347
Notes Receivable	28,959,177	(28,959,177)	-
	<u>30,552,725</u>	<u>(28,959,177)</u>	<u>1,593,548</u>
Redevelopment:			
Property Taxes	2,410,000	-	2,410,000
	<u>2,410,000</u>	<u>-</u>	<u>2,410,000</u>
Nonmajor Funds:			
Other Taxes	396,673	-	396,673
Intergovernmental	96,227	-	96,227
Notes Receivable	900,335	(102,042)	798,293
	<u>1,393,235</u>	<u>(102,042)</u>	<u>1,291,193</u>
Subtotal - Governmental Activities	<u>47,536,459</u>	<u>(29,894,326)</u>	<u>17,642,133</u>
<u>Business-type Activities</u>			
Water:			
Accounts	2,230,396	(20,228)	2,210,168
Water Reclamation:			
Accounts	1,309,460	(12,115)	1,297,345
Storm Water:			
Accounts	493,466	(4,935)	488,531
Nonmajor Funds:			
Accounts	562,505	(5,430)	557,075
Subtotal - Business-type Activities	<u>4,595,827</u>	<u>(42,708)</u>	<u>4,553,119</u>
Totals	<u>\$ 52,132,286</u>	<u>\$ (29,937,034)</u>	<u>\$ 22,195,252</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 65,413,637	\$ -	\$ -	\$ 65,413,637
Construction in Progress	490,272	3,681,355	(2,728,513)	1,443,114
Total Capital Assets, not being depreciated	65,903,909	3,681,355	(2,728,513)	66,856,751
Capital Assets, being depreciated:				
Buildings and Systems	32,881,587	-	-	32,881,587
Improvements other than Buildings	36,897,274	1,156,116	-	38,053,390
Machinery and Equipment	22,488,317	2,231,345	(1,295,642)	23,424,020
Infrastructure	120,824,984	1,374,959	-	122,199,943
Total Capital Assets, being depreciated	213,092,162	4,762,420	(1,295,642)	216,558,940
Less Accumulated Depreciation for:				
Buildings and Systems	(21,007,261)	(1,103,647)	-	(22,110,908)
Improvements other than Buildings	(22,034,520)	(1,570,061)	-	(23,604,581)
Machinery and Equipment	(15,631,293)	(1,424,618)	1,152,233	(15,903,678)
Infrastructure	(70,391,862)	(2,593,577)	-	(72,985,439)
Total Accumulated Depreciation	(129,064,936)	(6,691,903)	1,152,233	(134,604,606)
Total Capital Assets, being depreciated, net	84,027,226	(1,929,483)	(143,409)	81,954,334
Governmental Activities Capital Assets, net	\$ 149,931,135	\$ 1,751,872	\$ (2,871,922)	\$ 148,811,085



City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
<u>Business-type Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 3,888,751	\$ -	\$ -	\$ 3,888,751
Intangibles	1,018,790	99,200	-	1,117,990
Construction in Progress	726,049	5,223,420	(2,894,991)	3,054,478
Total Capital Assets, not being depreciated	5,633,590	5,322,620	(2,894,991)	8,061,219
Capital Assets, being depreciated:				
Buildings and Systems	8,681,400	124,819	-	8,806,219
Improvements other than Buildings	13,269,420	50,000	-	13,319,420
Machinery and Equipment	11,425,519	1,807,297	(982,392)	12,250,424
Infrastructure	121,348,053	5,176,093	-	126,524,146
Total Capital Assets, being depreciated	154,724,392	7,158,209	(982,392)	160,900,209
Less Accumulated Depreciation for:				
Buildings and Systems	(7,729,724)	(172,937)	-	(7,902,661)
Improvements other than Buildings	(7,029,915)	(622,789)	-	(7,652,704)
Machinery and Equipment	(7,113,622)	(909,898)	716,761	(7,306,759)
Infrastructure	(51,333,193)	(3,560,756)	-	(54,893,949)
Total Accumulated Depreciation	(73,206,454)	(5,266,380)	716,761	(77,756,073)
Total Capital Assets, being depreciated, net	81,517,938	1,891,829	(265,631)	83,144,136
Business-type Activities Capital Assets, net	\$ 87,151,528	\$ 7,214,449	\$ (3,160,622)	\$ 91,205,355

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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	\$ 338,463
Public Safety	1,256,804
Highway and Streets	3,287,660
Parks, Recreation and Arts	1,575,674
Redevelopment	93,295
Economic and Physical Development	104,267
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	35,740
Subtotal - Governmental Activities	6,691,903
<u>Business-type Activities</u>	
Water	2,450,650
Water Reclamation	1,878,848
Storm Water	764,195
Recreation	112,622
Street Lighting	60,065
Subtotal - Business-type Activities	5,266,380
Total Depreciation Expense	<u>\$ 11,958,283</u>

Construction Commitments

The City has active construction projects as of June 30, 2019. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and sidewalks, water, water reclamation, and storm water system improvements, and new construction and improvements to various public facilities. At year-end, the City's commitments with contractors and others are as follows:

<u>Project</u>	Spent-to- Date	Remaining Commitment
Water Systems Improvements	\$ 1,564,451	\$ 3,831,301
Street Construction and Improvements	1,343,712	3,995,960
Public Facility Construction & Improvements	163,697	5,257,177
Park and Recreation Improvements	60,106	1,652,185
Water Reclamation Improvements	1,018,915	2,138,979
Storm Water Improvements	350,000	1,824,000
Total	<u>\$ 4,500,881</u>	<u>\$ 18,699,602</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

G. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Interfund Transfers

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Fiscal year interfund transfers are as follows:

	In	Out
Major Funds:		
General	\$ 2,647,635	\$ 9,727,081
Debt Service Fund	6,767,857	-
Capital Projects Fund	5,285,019	33,615
Water Fund	166,027	973,505
Water Reclamation Fund	-	213,453
Storm Water Fund	-	293,994
Nonmajor Governmental Funds	2,008	4,236,104
Nonmajor Enterprise Funds	1,180,000	502,350
Internal Service Funds	-	68,444
	\$ 16,048,546	\$ 16,048,546

H. Jointly Governed Organizations

The City in conjunction with other governmental entities, jointly governs several organizations. Each organization's board is comprised of one member from each participating entity. A brief description of the City's relationship with each organization follows:

Utah Risk Management Mutual Association (URMMA) - The City provides for its general liability risks and worker's compensation through a joint protection agreement with URMMA. During the year ended June 30, 2019, the City paid premiums of approximately \$230,000 to URMMA.

North Pointe Solid Waste Special Service District (NPSWSSD) - The district is a component unit of Utah County and represents thirteen cities in the northern part of the county. NPSWSSD was created to process and dispose of municipal solid waste. The City disposes of its solid waste through an agreement with NPSWSSD, which operates a solid waste transfer station. The City is represented on the NPSWSSD board and has voting rights related to the operations and financing of NPSWSSD. NPSWSSD has a service contract for the ultimate disposal of waste at a landfill located in an adjacent county. During the year ended June 30, 2019, the City paid solid waste tipping fees of approximately \$1,007,000 to NPSWSSD. The City's waste, by weight, represents approximately 25% of all of the solid waste processed by NPSWSSD.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

H. Jointly Governed Organizations (continued)

North Utah Valley Animal Services Special Service District (NUVAS) - The Utah County Board of Commissioners ("The Commission) created the district. The Commission delegated all powers to manage the district to an Administrative Control Board which has three members appointed by the Commission and a member from each of the fourteen participating cities. Each participating city delivers stray, homeless, endangered, injured or other animals to the district's shelter facility. NUVAS is charged with identifying and/or locating the animal's rightful owner. Personnel of the district also evaluate, house, treat and/or humanely dispose of any animal brought to them by the City. NUVAS also handles all licensing and licensing renewals. During the year ended June 30, 2019, the City paid participation fees of approximately \$140,000 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, 2019, the City paid UTOPIA approximately \$15,000 in customer service fees. The City also paid \$3,161,809 in pledge funds into a debt service reserve fund which was used to pay UTOPIA debt obligations for the fiscal year. A corresponding long-term note receivable was also increased by this amount. See footnote 5.B. (Other information, contingent liabilities) for additional information.

Utah Infrastructure Agency (UIA) – UIA was formed under the Utah Interlocal Cooperation Act by its nine member cities, of which, the City of Orem is a member. This agency was organized to provide for the acquisition, construction, and installation of telecommunication and cable television lines to a customer's premises using a demand utility model. During the year ended June 30, 2019, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$86,000 to UIA and paid approximately \$17,000 in customer service fees.

I. Capital Leases

The City has entered into certain lease agreements under which the related equipment will become the property of the City when the terms of the lease agreement are met. All City lease contracts contain a fiscal non-funding clause that allows the City Council the option of terminating the lease agreement at the end of any fiscal year. In the opinion of City management, the likelihood of this clause being exercised is remote.

The following is a schedule, by year, of future minimum lease payments of all



City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

I. Capital Leases (continued)

capital leases as well as the present value of the net minimum lease payments as of June 30, 2019:

Year ending June 30,	Governmental Activities
2020	\$ 578,144
2021	578,075
2022	563,374
2023	555,839
2024	555,183
2025-2029	2,784,697
2030-2034	1,121,359
2035-2039	5,164
Total minimum lease payments	6,741,835
Less: Amount representing interest	(766,906)
Present value of net minimum lease payments	<u>\$ 5,974,929</u>

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

	Governmental Activities
Cost of Equipment	\$ 6,292,775
Accumulated Depreciation	(497,048)
Difference	<u>\$ 5,795,727</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.

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

General obligation bonds outstanding at June 30, 2019, are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2014 Road Construction-Refunding	0.25% to 3.00%	\$ 6,060,000
2019 Public Facilities Construction	3.625% to 5.00%	24,500,000
Total		<u>\$ 30,560,000</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

General Obligation Bonds (continued)

Annual debt service requirements to maturity for the above reflected general obligation debt is as follows:

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2020	\$ 940,000	\$ 1,658,817	\$ 2,598,817
2021	965,000	1,316,713	2,281,713
2022	1,000,000	1,287,237	2,287,237
2023	1,025,000	1,259,425	2,284,425
2024	1,050,000	1,230,863	2,280,863
2025-2029	3,085,000	5,763,938	8,848,938
2030-2034	3,505,000	5,076,162	8,581,162
2035-2039	4,980,000	4,037,063	9,017,063
2040-2044	6,925,000	2,558,937	9,483,937
2045-2049	7,085,000	633,944	7,718,944
Totals	<u>\$ 30,560,000</u>	<u>\$ 24,823,099</u>	<u>\$ 55,383,099</u>

Special Assessment Bonds

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

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

The City has the following special assessment bonds outstanding at June 30, 2019:

*Northgate Village SID Bonds – Series 2010*

In November of 2010, the City issued Northgate Village special improvement district bonds of \$1,915,000 through private placement for the improvement of property. The terms of the bond contract require principal and interest payable annually commencing November 2011 and continuing through November 2025. The interest rate is fixed at 7.75%. Outstanding principal at June 30, 2019, is \$130,000.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Special Assessment Bonds (continued)

Special assessment bonds currently outstanding at June 30, 2019, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Property Improvement - Infrastructure	7.75%	\$ 130,000
Total		<u>\$ 130,000</u>

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

Year Ended June 30,	Governmental Activities		Totals
	Principal	Interest	
2020	\$ 130,000	\$ 10,075	\$ 140,075
Totals	<u>\$ 130,000</u>	<u>\$ 10,075</u>	<u>\$ 140,075</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 pages 170-171.

The City has the following revenue bonds outstanding at June 30, 2019:

Water and Storm Sewer Revenue Bonds – Series 2005 B

In March of 2005, the City entered into an agreement to issue revenue bonds through the Utah State Department of Drinking Water of \$3,000,000. The proceeds of the bonds were used for the completion of improvements to the city's water and storm 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, 2019, is \$1,151,000.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

*Water Quality Revenue Bonds – Series 2010*

In February of 2010, the City entered into an agreement to issue \$11,889,000 in revenue bonds through the State of Utah's Department of Environmental Quality. The proceeds of the bonds were used to construct and expand facilities at the Water Reclamation Plant. The bond contract terms require principal payable annually beginning in February 2013 and continuing through February 2032. Payments on the bonds are paid from sewer charges to customers. The interest rate is fixed at 0.00%. Outstanding principal at June 30, 2019, is \$7,731,000.

*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, 2019, is \$8,829,000.

*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, 2019, is \$4,380,000.

*Sales Tax Revenue Refunding Bonds – Series 2017*

In February of 2017, the City issued sales tax revenue refunding bonds of \$2,898,000 through a public offering. The proceeds were placed in a trust account and used to pay the remaining outstanding principal balance of the Series 2007 sales tax revenue refunding bonds. The terms of the bond contract require principal payable annually commencing in April 2018 with interest payable semi-annually in April and October through April 2023. The interest rate is fixed at 1.94%. Outstanding principal at June 30, 2019, is \$1,208,000.



City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Revenue bonds currently outstanding at June 30, 2019, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	1.94%	\$ 1,208,000
Business-type Activities:		
Water	1.48%-4.50%	11,400,519
Wastewater Treatment	0.00%	7,731,000
Storm Water	1.48%-4.50%	2,959,481
		<u>22,091,000</u>
Total		<u>\$ 23,299,000</u>

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

Year Ended June 30,	Governmental Activities		Business-type Activities		Totals
	Principal	Interest	Principal	Interest	
2020	\$ 352,000	\$ 23,435	\$ 2,053,000	\$ 366,955	\$ 2,795,390
2021	360,000	16,606	2,057,000	336,417	2,770,023
2022	243,000	9,622	2,084,000	305,551	2,642,173
2023	253,000	4,908	2,113,000	273,089	2,643,997
2024	-	-	2,147,000	238,976	2,385,976
2025-2029	-	-	9,852,000	558,995	10,410,995
2030-2034	-	-	1,785,000	-	1,785,000
Totals	<u>\$ 1,208,000</u>	<u>\$ 54,571</u>	<u>\$ 22,091,000</u>	<u>\$ 2,079,983</u>	<u>\$ 25,433,554</u>

Notes Payable

HUD Section 108 Loan

In November of 2005, the City entered into a loan agreement with the Department of Housing and Urban Development (HUD) in the amount of \$1,320,000 to promote, facilitate, and encourage industrial and business development within the City. The terms of the loan agreement require principal payable annually commencing in August 2006 and interest payable semi-annually in February and August through August 2025. The interest rate is variable. Outstanding principal at June 30, 2019, is \$609,930.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Notes Payable (continued)

*Miner Property Long-term Note Payable*

In June of 2000, the City entered into a long-term note payable with Dean and Blanche Miner in the amount of \$391,000 for the purchase of property for a new softball and soccer complex. The terms of the note require principal and interest payable monthly commencing in May 2001 and continuing through April 2021. The interest rate is fixed at 6.00%. Outstanding principal at June 30, 2019, is \$58,217.

Notes payable currently outstanding at June 30, 2019, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan -		
Economic Development	Variable	\$ 609,930
Land Purchase - Park	6.00%	58,217
Total		<u>\$ 668,147</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	
2020	\$ 105,962	\$ 32,710	\$ 138,672
2021	107,255	26,745	134,000
2022	80,000	21,788	101,788
2023	85,000	17,456	102,456
2024	95,000	6,516	101,516
2025-2029	194,930	5,374	200,304
Totals	<u>\$ 668,147</u>	<u>\$ 110,589</u>	<u>\$ 778,736</u>

Changes in Long-term Liabilities

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year ended June 30, 2019, are as follows:

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Changes in Long-term Liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Bonds Payable:					
General Obligation Bonds	\$ 7,310,000	\$ 24,500,000	\$ (1,250,000)	\$ 30,560,000	\$ 940,000
Special Assessment Bonds	140,000	-	(10,000)	130,000	130,000
Revenue Bonds	1,667,000	-	(459,000)	1,208,000	352,000
Plus Issuance Premiums	505,395	3,709,763	(123,627)	4,091,531	209,650
Total Bonds Payable	9,622,395	28,209,763	(1,842,627)	35,989,531	1,631,650
Notes Payable	769,946	-	(101,799)	668,147	105,961
Capital Leases	6,345,670	71,031	(441,772)	5,974,929	459,486
Compensated Absences	2,076,015	355,798	(350,337)	2,081,476	1,965,558
Net Pension Liabilities	7,461,221	7,815,238	-	15,276,459	-
Other Long-term Liabilities	1,486,605	689,234	(640,278)	1,535,561	510,127
Governmental Activities					
Long-term Liabilities	<u>\$ 27,761,852</u>	<u>\$ 37,141,064</u>	<u>\$ (3,376,813)</u>	<u>\$ 61,526,103</u>	<u>\$ 4,672,782</u>
<u>Business-type Activities</u>					
Bonds Payable:					
Revenue Bonds	\$ 24,065,000	\$ -	\$ (1,974,000)	\$ 22,091,000	\$ 2,053,000
Plus Issuance Premiums	912,889	-	(101,911)	810,978	101,911
Total Bonds Payable	24,977,889	-	(2,075,911)	22,901,978	2,154,911
Compensated Absences	339,040	50,011	(59,806)	329,245	312,782
Net Pension Liabilities	1,549,102	1,278,321	-	2,827,423	-
Business-type Activities					
Long-term Liabilities	<u>\$ 26,866,031</u>	<u>\$ 1,328,332</u>	<u>\$ (2,135,717)</u>	<u>\$ 26,058,646</u>	<u>\$ 2,467,693</u>

Compensated Absences

City employees earn vacation based upon the employee's years of service. Employees, upon termination, may be paid up to 336 hours of earned vacation. Amounts of vacation vested and not paid have been accrued as a liability at June 30, 2019. The General Fund has typically been used in prior years to liquidate this liability for governmental funds.

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

K. Equity Classification

Government-wide and Proprietary Fund Financial Statements

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

- 1) Net Investment in Capital Assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- 2) Restricted Net Position – resources with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) are imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted Net Position – consists of all other resources that do not meet the definition of “restricted” or “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 governments, or (b) are imposed by law through constitutional provisions or enabling legislation.
- 3) Committed Fund Balance – this classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council, which is the City’s highest level of decision making authority. It also includes contractual obligations to the extent that existing resources are specifically committed for use in satisfying those contractual requirements.



City of Orem  
Notes to the Financial Statements  
June 30, 2019

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

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

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

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

The City has not formally adopted any minimum fund balance policy. However, the State of Utah does require the City to maintain 5% of the 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, 2019. The governmental fund balance classifications and categories at the end of the current fiscal year are as follows:

**City of Orem**  
**Notes to the Financial Statements**  
**June 30, 2019**

**4. Detailed Notes for all Funds (continued)**

**K. Equity Classification (continued)**

**Governmental Fund Financial Statements (continued)**

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds <sup>1</sup>	Total Governmental Funds
<b>Fund Balances:</b>					
Nonspendable:					
Prepays	\$ 36,328	\$ -	\$ -	\$ -	\$ 36,328
	36,328	-	-	-	36,328
Restricted:					
Class "C" Roads	4,390,073	-	-	-	4,390,073
Utopia DSR Pledge	3,225,046	-	-	-	3,225,046
Task Force	1,025,554	-	-	-	1,025,554
Parks, Rec., & Arts	-	-	-	2,322,977	2,322,977
Fitness Center	-	-	-	24,476,267	24,476,267
Library Hall	-	-	-	4,413,352	4,413,352
Debt Service	-	2,620,222	-	-	2,620,222
Capital Improvements	-	-	-	7,930,330	7,930,330
Other Purposes	32,564	-	-	395,641	428,205
	8,673,237	2,620,222	-	39,538,567	50,832,026
Assigned:					
Vehicles	1,279,735	-	-	-	1,279,735
Police Equipment	12,155	-	90,306	-	102,461
Fire Equipment	290,150	-	206	-	290,356
Library Media Funds	161,259	-	-	-	161,259
Economic Dev. Funds	406,192	-	-	-	406,192
Facility Improvements	171,825	-	1,198,846	-	1,370,671
Street/Street Light Imp.	-	-	4,069,793	-	4,069,793
Park Improvements	-	-	1,932,199	-	1,932,199
Fitness Center	-	-	562,941	-	562,941
Library Hall	-	-	678,517	-	678,517
Debt Service	-	1,258,108	-	-	1,258,108
Capital Improvements	291,050	-	7,482,541	-	7,773,591
Other Purposes	2,224,378	-	-	319,095	2,543,473
	4,836,744	1,258,108	16,015,349	319,095	22,429,296
Unassigned	13,948,108	-	-	-	13,948,108
<b>Total Fund Balances</b>	<b>\$ 27,494,417</b>	<b>\$ 3,878,330</b>	<b>\$ 16,015,349</b>	<b>\$ 39,857,662</b>	<b>\$ 87,245,758</b>

<sup>1</sup> See pages 116-117 for a breakdown by individual fund

**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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

A. Risk Management (continued)

insured through the Utah Risk Management Mutual Association (URMMA) for liability and claims in excess of coverage provided by the Self-insurance Fund for liability and property claims. While URMMA pays for any liability and property claims exceeding the deductible amount, these claims are repaid by the City through a five year recapture program. Thus, each year the City pays its annual premium plus a recapture component. As of June 30, 2019, the outstanding recapture program liability is \$832,414. This liability is presented in the changes in long-term liabilities table (page 81) 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, 2019, the estimated reserves liability is \$546,617. This liability is presented in the changes in long-term liabilities table (page 81) as an "other long-term liability". The activity in worker's compensation claims (all retained risk) for the years ended June 30, 2018 and 2019 is as follows:

Year ended June 30,	2018	2019
Claim liability, beginning of year	\$ 512,198	\$ 387,961
Claims incurred during the year	263,735	117,809
Changes in estimates of claims of prior periods	198,879	441,138
Payments on claims during the year	(586,851)	(400,291)
Claim liability, end of year	<u>\$ 387,961</u>	<u>\$ 546,617</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.

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.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

B. Contingent Liabilities (continued)

Utah Telecommunication Open Infrastructure Agency (UTOPIA)

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

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

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

Net revenues from the communication network will reimburse a debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the eleven pledged members are required to reimburse the UTOPIA debt service reserve fund of any shortfall by their respective percentages up to a specific dollar amount. Each member city has pledged sales tax revenues to pay their respective percentage of any shortfall amount. None of the pledge requirements were modified by the 2011 bond refinancing. The City's liability limit (pledge) for the current fiscal year was set at a maximum of \$3,161,809. The pledge limit has an annual increase which is not to exceed 2%. The City's total remaining maximum pledge amount for all fiscal years through 2040 (end of the bond term) is \$82,745,690.

The current estimated cost to construct the fiber optic network in all member cities is approximately \$80,000,000.



City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

B. Contingent Liabilities (continued)

Utah Infrastructure Agency (UIA)

The City is a member of UIA, an interlocal, nonprofit agency. UIA was formed under the Utah Interlocal Cooperation Act by its nine member cities, of which the City is one of the eight contracting members.

This agency was organized to provide for the acquisition, construction, and installation of telecommunication and cable television lines to a customer's premises using a demand utility model.

The UIA network will be connected to the fiber optic network of UTOPIA (see previous page) pursuant to an Indefeasible Right of Use (IRU) agreement which provides UIA access to certain facilities of and capacity in the UTOPIA network. Construction of the UIA network began in May of 2011.

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

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

Service fee revenues from the UIA network will be used to make the debt service payments. To the extent there are insufficient service fee revenues to pay a debt service payment, the eight contracting members are required to pay to UIA any shortfall by their respective percentages up to a specific dollar amount. Each contracting city has pledged franchise tax revenues to pay their respective percentage of any shortfall amount. The City's liability limit (pledge) is set at \$1,223,786. The City did not have to make any pledge payments in Fiscal Year 2019.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

C. Pension Plans

General Information and Plan Description

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

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

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

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

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

Summary of Retirement Benefits by System

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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 25 Years - Any Age * 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.25% / Yr to June 1975 or 2% / Yr from July 1975 to the Present	Up to 4%
Public Safety System	Highest 3 Years	20 Years - Any Age 10 Years - Age 60 4 Years - Age 65	2.5% / Yr up to 20 Yrs and 2% / Yr over 20 Yrs	Up to 2.5% or 4.0% Depending on Employer
Firefighters System	Highest 3 Years	20 Years - Any Age 10 Years - Age 60 4 Years - Age 65	2.5% / Yr up to 20 Yrs and 2% / Yr over 20 Yrs	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.5% / Yr - All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years - Any Age 20 Years - Age 60 * 10 Years - Age 62 * 4 Years - Age 65	1.5% / Yr - All Years	Up to 2.5%

\* Actuarial reductions apply.

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

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

C. Pension Plans (continued)

Contributions

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

Retirement System	Employee Paid	Employer Paid for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
<u>Noncontributory System</u>				
Local Governmental - Tier 1	N/A	N/A	18.47%	N/A
<u>Contributory System</u>				
Local Governmental - Tier 1	6.00%	N/A	14.46%	N/A
Local Governmental - Tier 2	N/A	N/A	15.54%	1.15%
<u>Public Safety System</u>				
Noncontributory - Tier 1	N/A	N/A	38.97%	N/A
Contributory (74) - Tier 1	10.50%	N/A	28.98%	N/A
Contributory (122) - Tier 2	N/A	N/A	27.28%	0.74%
<u>Firefighters System</u>				
Division B - Tier 1	N/A	16.71%	7.24%	N/A
Division B - Tier 2	N/A	N/A	11.34%	0.74%
<u>Tier 2 DC Only</u>				
Local Governmental	N/A	N/A	6.69%	10.00%
Public Safety	N/A	N/A	16.02%	12.00%
Firefighters	N/A	N/A	0.08%	12.00%

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, 2019

5. Other Information (continued)

C. Pension Plans (continued)

Contributions (continued)

For the fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

	Employer Contributions	Employee Contributions
Retirement System		
Noncontributory System	\$ 1,849,063	N/A
Contributory System	139,613	57,931
Public Safety System	1,286,440	8,310
Firefighters System	226,592	522,978
Tier 2 Public Employees System	519,001	-
Tier 2 Public Safety and Firefighter System	521,389	-
Tier 2 DC Only	51,752	N/A
Tier 2 DC Public Safety & Firefighter System	28,973	N/A
Total Contributions	<u>\$ 4,622,823</u>	<u>\$ 589,219</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, 2019, the City had a net pension asset of \$0 and a net pension liability of \$18,103,882.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Retirement System			
Noncontributory System	1.1710300%	\$ -	\$ 8,623,142
Contributory System	5.0759551%	-	2,059,838
Public Safety System	7.3044190%	-	5,755,854
Firefighters System	3.7318322%	-	1,508,227
Tier 2 Public Employees System	0.2706777%	-	115,925
Tier 2 Public Safety and Firefighter System	1.6322111%	-	40,896
Total Net Pension Asset / Liability		<u>\$ -</u>	<u>\$ 18,103,882</u>

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, and rolled forward using generally accepted actuarial procedures. The proportion

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

C. Pension Plans (continued)

Pension Assets, Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to Pensions (continued)  
of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the year ended June 30, 2019, the City had pension expenses of \$5,593,246. The following table details this total pension expense by retirement system:

Retirement System	Pension Expense
Noncontributory System	\$ 2,373,402
Contributory System	546,009
Public Safety System	1,813,317
Firefighters System	323,290
Tier 2 Public Employees System	299,580
Tier 2 Public Safety & Firefighter System	237,648
Total	<u>\$ 5,593,246</u>

At June 30, 2019, 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	\$ 110,906	\$ 160,830
Contributory System	-	-
Public Safety System	2,092,584	-
Firefighters System	-	578,938
Tier 2 Public Employees System	814	23,959
Tier 2 Public Safety & Firefighter System	18,792	53
	<u>2,223,096</u>	<u>763,780</u>
Changes in assumptions:		
Noncontributory System	1,155,168	-
Contributory System	-	-
Public Safety System	1,188,385	88,272
Firefighters System	993,110	158,799
Tier 2 Public Employees System	29,056	2,083
Tier 2 Public Safety & Firefighter System	38,909	1,500
	<u>3,404,628</u>	<u>250,654</u>

(table continues on next page)

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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	1,794,378	-
Contributory System	676,957	-
Public Safety System	1,065,647	-
Firefighters System	1,156,962	-
Tier 2 Public Employees System	37,750	-
Tier 2 Public Safety & Firefighter System	28,824	-
	<u>4,760,518</u>	<u>-</u>
Changes in proportion and difference between contributions and proportionate share of contributions:		
Noncontributory System	81,966	71,694
Contributory System	-	-
Public Safety System	19,639	104,108
Firefighters System	679	11,922
Tier 2 Public Employees System	34,056	-
Tier 2 Public Safety & Firefighter System	11,387	1,967
	<u>147,727</u>	<u>189,691</u>
Contributions subsequent to the measurement date:		
Noncontributory System	920,816	-
Contributory System	69,548	-
Public Safety System	643,537	-
Firefighters System	113,908	-
Tier 2 Public Employees System	285,777	-
Tier 2 Public Safety & Firefighter System	287,253	-
	<u>2,320,839</u>	<u>-</u>
Total Deferred Outflows / Inflows of Resources:		
Noncontributory System	4,063,234	232,524
Contributory System	746,505	-
Public Safety System	5,009,792	192,380
Firefighters System	2,264,659	749,659
Tier 2 Public Employees System	387,453	26,042
Tier 2 Public Safety & Firefighter System	385,165	3,521
	<u>\$ 12,856,808</u>	<u>\$ 1,204,126</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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, 2018, are reported as deferred outflows of resources related to pensions in the amount of \$2,320,839 (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
2019	\$ 3,475,230
2020	1,866,361
2021	1,529,744
2022	2,389,373
2023	5,172
Thereafter	65,963

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
2019	\$ 1,282,108	\$ 268,142	\$ 1,495,097	\$ 405,622	\$ 13,084	\$ 11,178
2020	531,109	15,894	1,223,069	77,832	9,519	8,938
2021	246,497	7,901	880,744	314,583	10,430	9,589
2022	850,180	325,020	574,966	605,381	18,425	15,402
2023	-	-	-	(2,326)	3,427	4,071
Thereafter	-	-	-	-	20,749	45,214



City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary Increases	3.25% to 9.75%, Average, including Inflation
Investment Rate of Return	6.95%, Net of Pension Plan Investment Expense, including Inflation

Mortality rates were developed from actual experience and mortality tables, based on the member's gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five (5) year period ending December 31, 2016.

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

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
Inflation			2.50%
Expected Arithmetic Nominal Return			7.25%

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions (continued)

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

Discount Rate

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

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

The proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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 (5.95%) or 1.00% higher (7.95%) than the current rate is presented in the following table:

	1.00% Decrease (5.95%)	Discount Rate (6.95%)	1.00% Increase (7.95%)
Retirement System			
Noncontributory System	\$ 17,672,785	\$ 8,623,142	\$ 1,087,178
Contributory System	4,372,697	2,059,838	112,888
Public Safety System	11,700,624	5,755,854	907,013
Firefighters System	6,787,181	1,508,227	(2,833,589)
Tier 2 Public Employees System	464,420	115,925	(153,025)
Tier 2 Public Safety & Firefighter System	308,462	40,896	(163,859)
Total	<u>\$ 41,306,169</u>	<u>\$ 18,103,882</u>	<u>\$ (1,043,394)</u>

Pension Plan Fiduciary Net Position

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

Funding and Allocation Method

The City used each active URS participating employee's current wage and years of service to calculate a weighted amount. These weighted amounts

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

C. Pension Plans (continued)

Funding and Allocation Method (continued)

were used to establish a percentage of each system's total applicable net liability or asset (as provided by URS). Each employee is then assigned their applicable amount based upon the prior calculations and grouped according to their job assignment. 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, 2019, was \$29,612,327. The City's expense for this plan for the year ended June 30, 2019 was approximately \$438,000 or 1.48% 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	2019	2018	2017
Employer Contributions	\$ 235,362	\$ 243,039	\$ 167,501
Employee Contributions	\$ -	\$ -	\$ -

City of Orem  
Notes to the Financial Statements  
June 30, 2019

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, 2019, was \$29,612,327. The City's expense for this plan for the year ended June 30, 201, was approximately \$1,165,000 or 3.93% 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	2019	2018	2017
Employer Contributions	\$ 106,355	\$ 110,682	\$ 103,778
Employee Contributions	\$ 127,678	\$ 126,561	\$ 116,548

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, 2019

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, 2019, there are seven (7) retirees 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, 2019, total plan premiums paid were \$107,895. The City contributed \$48,513 (44.96% of total premiums) and retiree plan members receiving benefits contributed \$59,382 (55.04% 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 \$156,530 was measured as of January 1, 2019, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the January 1, 2019, 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	2.30%, Average, including Inflation
Discount Rate	3.44%
Healthcare Cost Trend Rates	6.10% for 2018, 6.90% for 2019, 5.20% for 2020, grading to 4.10% for 2091 and beyond
Retirees' Share of Benefit-Related Costs	55% of projected health insurance premiums

The discount rate was based on the 20 year Bond Buyer Go index.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

*Actuarial Assumptions and Other Inputs (continued)*

Mortality rates were based on the SOA RP-2014 White Collar Mortality for males or females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2018 to December 31, 2018.

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, 2018	\$ 166,530
Changes for the Year:	
Service Cost	-
Interest on Total OPEB Liability	5,892
Changes of Benefit Terms	-
Changes in Assumptions or Other Inputs	-
Expected Benefit Payments	(15,892)
Net Changes	(10,000)
Total OPEB Liability as of January 1, 2019	\$ 156,530

*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 3.44%, 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 (2.44%) or 1.00% higher (4.44%) than the current rate:

	1.00% Decrease (2.44%)	Discount Rate (3.44%)	1.00% Increase (4.44%)
Total OPEB Liability at January 1, 2019	\$ 158,263	\$ 156,530	\$ 154,841

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

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

	1.00% Decrease	Current Trend Rate	1.00% Increase
Total OPEB Liability at January 1, 2019	\$ 154,090	\$ 156,530	\$ 158,991

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

At June 30, 2019, the City reported no deferred outflows of resources or inflows of resources related to OPEB.

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.

City of Orem  
Notes to the Financial Statements  
June 30, 2019

5. Other Information (continued)

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

For the year ended June 30, 2019, the following activity occurred in the City's Redevelopment Agency:

Tax Increment Collected From Other Taxing Agencies For The Project Area	Total
Orem 85-01: Orem Tek Development	\$ 233,278
Orem 85-02: Timpanogos Technological Center	170,116
Orem 85-03A: University Parkway Development	236,136
Orem 85-03B: University Parkway Development	332,920
Orem 85-04: Economic Zone in Central Orem	119,301
Orem 87-10: Boyer Project on Center and State Street	161,507
Orem 90-08: 800 North and State Street Economic Zone	252,427
Orem CDA: University Place	894,777
Total	<u>\$ 2,400,462</u>
Outstanding Loans to Finance RDA Projects	<u>\$ -</u>

During the year ending June 30, 2019, the RDA expended monies in the categories below as follows:

Economic Development	\$ 911,069
Capital Outlay	70,833
Total	<u>\$ 981,902</u>



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

# REQUIRED SUPPLEMENTARY INFORMATION

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

System	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>Noncontributory System</u>					
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, 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, 2018	7.3044190%	\$ 5,755,853	\$ 3,474,822	165.6%	85.6%
As of December 31, 2017	7.4094711%	\$ 3,580,282	\$ 3,643,056	98.3%	90.5%
As of December 31, 2016	7.8307470%	\$ 4,880,882	\$ 4,114,120	118.6%	86.1%
As of December 31, 2015	7.6878583%	\$ 3,751,301	\$ 4,043,837	92.8%	87.6%
As of December 31, 2014	7.8553996%	\$ 3,106,282	\$ 4,163,687	74.6%	89.0%

(continued on next page)

# REQUIRED SUPPLEMENTARY INFORMATION

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

System	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>Firefighters System</u>					
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%
<u>Tier 2 Public Employees System</u>					
As of December 31, 2018	0.2706777%	\$ 115,925	\$ 3,161,819	3.7%	90.8%
As of December 31, 2017	0.2959959%	\$ 26,097	\$ 2,894,899	0.9%	97.4%
As of December 31, 2016	0.3019157%	\$ 33,678	\$ 2,475,959	1.4%	95.1%
As of December 31, 2015	0.2589627%	\$ (565)	\$ 1,673,317	0.0%	100.2%
As of December 31, 2014	0.1982677%	\$ (6,008)	\$ 972,771	-0.6%	103.5%
<u>Tier 2 Public Safety and Firefighters System</u>					
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, 2018		\$ 18,103,879	\$ 23,056,475	78.5%	
Total - As of December 31, 2017		\$ 8,139,091	\$ 22,367,600	36.4%	
Total - As of December 31, 2016		\$ 14,343,236	\$ 22,409,459	64.0%	
Total - As of December 31, 2015		\$ 12,587,204	\$ 20,929,914	60.1%	
Total - As of December 31, 2014		\$ 8,252,315	\$ 20,551,857	40.2%	

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

# REQUIRED SUPPLEMENTARY INFORMATION

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

System	Contractually Required Contribution	Contributions in relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll <sup>2</sup>
<u>Noncontributory System</u>					
As of June 30, 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, 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, 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, 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, 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 <sup>1</sup>

System	Contributions in relation to the				Contribution as a % of Covered Payroll <sup>2</sup>	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll		
<u>Tier 2 Public Safety &amp; Firefighters System *</u>						
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%	
<u>Tier 2 Public Employees DC Only System *</u>						
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%	
<u>Tier 2 Public Safety &amp; Firefighter DC Only System *</u>						
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, 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.

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

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



# REQUIRED SUPPLEMENTARY INFORMATION

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

<b>Total OPEB Liability</b>	<b>FY 2018</b>	<b>FY 2019</b>
Service Cost	\$ -	\$ -
Interest on Total OPEB Liability	7,070	5,892
Changes of Benefit Terms	-	-
Changes in Assumptions or Other Inputs	-	-
Expected Benefit Payments	(91,311)	(15,892)
Net Change in Total OPEB Liability	(84,241)	(10,000)
<b>Total OPEB Liability - Beginning</b>	<b>\$ 250,771</b>	<b>\$ 166,530</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 166,530</b>	<b>\$ 156,530</b>
 Covered-Employee Payroll	 N/A	 N/A
 Total OPEB Liability as a % of Covered-Employee Payroll	 N/A	 N/A

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

**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-2019 G.O. Bond Fund – This fund is used to account for the use of general obligation bond proceeds for the construction of a library hall facility and a total renovation/rebuild of the City's fitness center facility.

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.

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.

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

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, 2019

	Capital Projects Funds			Special Revenue Funds	
	Capital Projects - 2019 G.O. Bonds	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele- Communication Billing Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 26,695
Intergovernmental Receivables	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	25,586,479	1,887,778	27,474,257	2,876,009	-
Other Purposes	-	-	-	2,805,316	-
Restricted Receivables:					
Capital Improvement Projects	-	-	-	-	-
Other Purposes	-	-	-	396,673	414,472
Total Assets	<u>\$ 25,586,479</u>	<u>\$ 1,887,778</u>	<u>\$ 27,474,257</u>	<u>\$ 6,077,998</u>	<u>\$ 441,167</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 119,837	\$ -	\$ 119,837	\$ 129,721	\$ 384,959
Customer Deposits	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-
Unearned Revenues	-	-	-	-	17,975
Total Liabilities	<u>119,837</u>	<u>-</u>	<u>119,837</u>	<u>129,721</u>	<u>402,934</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenues - Property Taxes	-	-	-	-	-
Deferred Revenues - Receivables	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted:					
Parks, Recreation, & Arts	-	-	-	2,312,977	-
Land Acquisition	-	-	-	10,000	-
Fitness Center	22,466,642	-	22,466,642	2,009,625	-
Library Hall	3,000,000	-	3,000,000	1,413,352	-
Capital Improvements	-	1,887,778	1,887,778	202,323	-
Other Purposes	-	-	-	-	-
Assigned:					
Community Promotion	-	-	-	-	-
Other Purposes	-	-	-	-	38,233
Total Fund Balances	<u>25,466,642</u>	<u>1,887,778</u>	<u>27,354,420</u>	<u>5,948,277</u>	<u>38,233</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,586,479</u>	<u>\$ 1,887,778</u>	<u>\$ 27,474,257</u>	<u>\$ 6,077,998</u>	<u>\$ 441,167</u>

Special Revenue Funds

Revelopment Fund	Community Development & Rehabilitation Fund	Friends of the Orem Public Library Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ -	\$ 30,189	\$ 2,352	\$ 1,942	\$ 277,730	\$ 338,908	\$ 338,908
-	63,392	-	-	-	63,392	63,392
-	148,310	-	-	-	148,310	148,310
5,842,029	-	-	-	-	8,718,038	36,192,295
-	321,781	-	-	-	3,127,097	3,127,097
2,410,000	-	-	-	-	2,410,000	2,410,000
-	235,512	-	-	-	1,046,657	1,046,657
<u>\$ 8,252,029</u>	<u>\$ 799,184</u>	<u>\$ 2,352</u>	<u>\$ 1,942</u>	<u>\$ 277,730</u>	<u>\$ 15,852,402</u>	<u>\$ 43,326,659</u>
\$ 1,800	\$ 9,471	\$ -	\$ -	\$ 1,162	\$ 527,113	\$ 646,950
-	-	-	-	-	-	-
-	10,250	-	-	-	10,250	10,250
-	-	-	-	-	17,975	17,975
<u>1,800</u>	<u>19,721</u>	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>555,338</u>	<u>675,175</u>
2,410,000	-	-	-	-	2,410,000	2,410,000
-	383,822	-	-	-	383,822	383,822
<u>2,410,000</u>	<u>383,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,793,822</u>	<u>2,793,822</u>
-	-	-	-	-	2,312,977	2,312,977
-	-	-	-	-	10,000	10,000
-	-	-	-	-	2,009,625	24,476,267
-	-	-	-	-	1,413,352	4,413,352
5,840,229	-	-	-	-	6,042,552	7,930,330
-	395,641	-	-	-	395,641	395,641
-	-	2,352	1,942	-	4,294	4,294
-	-	-	-	276,568	314,801	314,801
<u>5,840,229</u>	<u>395,641</u>	<u>2,352</u>	<u>1,942</u>	<u>276,568</u>	<u>12,503,242</u>	<u>39,857,662</u>
<u>\$ 8,252,029</u>	<u>\$ 799,184</u>	<u>\$ 2,352</u>	<u>\$ 1,942</u>	<u>\$ 277,730</u>	<u>\$ 15,852,402</u>	<u>\$ 43,326,659</u>



City of Orem  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For The Year Ended June 30, 2019

	Capital Projects Funds			Special Revenue Funds	
	Capital Projects - 2019 G.O. Bonds	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele- Communication Billing Fund
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	2,208,004	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Impact Fees	-	1,812,117	1,812,117	-	-
Investment Earnings	362,994	-	362,994	106,832	40,116
Miscellaneous Revenues	-	-	-	-	1,100
Total Revenues	362,994	1,812,117	2,175,111	2,314,836	41,216
<b>EXPENDITURES</b>					
Current:					
Economic and Physical Development	-	11,630	11,630	-	31,880
Redevelopment	-	-	-	-	-
Parks, Recreation and Arts	-	-	-	994,665	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	250,279	-	250,279	-	-
Capital Outlay	328,865	-	328,865	344,089	-
Total Expenditures	579,144	11,630	590,774	1,338,754	31,880
Excess (Deficiency) of Revenues over (under) Expenditures	(216,150)	1,800,487	1,584,337	976,082	9,336
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Asset Disposals	-	-	-	-	-
Issuance of Bonds	24,500,000	-	24,500,000	-	-
Payment to Bond Refunding Agent	-	-	-	-	-
Bond Issuance Premium	3,709,763	-	3,709,763	-	-
Transfers In	-	-	-	-	-
Transfers Out	(2,526,971)	-	(2,526,971)	(32,448)	-
Total Other Financing Sources and (Uses)	25,682,792	-	25,682,792	(32,448)	-
Net Change in Fund Balances	25,466,642	1,800,487	27,267,129	943,634	9,336
Fund Balances - Beginning	-	87,291	87,291	5,004,643	28,897
Fund Balances - Ending	\$ 25,466,642	\$ 1,887,778	\$ 27,354,420	\$ 5,948,277	\$ 38,233

Special Revenue Funds						
Redevelopment Fund	Community Development & Rehabilitation Fund	Friends of the Orem Public Library Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ 2,400,462	\$ -	\$ -	\$ -	\$ -	\$ 2,400,462	\$ 2,400,462
-	-	-	-	-	2,208,004	2,208,004
-	391,699	-	-	-	391,699	391,699
-	124,234	-	-	18,021	142,255	142,255
-	-	-	-	-	-	1,812,117
145,964	6,359	14,019	-	6,938	320,228	683,222
105,308	-	395	117,934	16,928	241,665	241,665
2,651,734	522,292	14,414	117,934	41,887	5,704,313	7,879,424
-	217,591	-	-	-	249,471	261,101
911,069	-	-	-	-	911,069	911,069
-	-	12,586	-	18,993	1,026,244	1,026,244
-	75,000	-	-	-	75,000	75,000
-	38,964	-	-	-	38,964	38,964
-	-	-	-	-	-	250,279
70,833	896	-	-	3,935	419,753	748,618
981,902	332,451	12,586	-	22,928	2,720,501	3,311,275
1,669,832	189,841	1,828	117,934	18,959	2,983,812	4,568,149
-	15,200	-	-	-	15,200	15,200
-	-	-	-	-	-	24,500,000
-	-	-	-	-	-	-
-	-	-	-	-	-	3,709,763
-	1,466	542	-	-	2,008	2,008
(852,979)	(128,623)	(579,000)	(116,084)	-	(1,709,134)	(4,236,105)
(852,979)	(111,957)	(578,458)	(116,084)	-	(1,691,926)	23,990,866
816,853	77,884	(576,630)	1,850	18,959	1,291,886	28,559,015
5,023,376	317,757	578,982	92	257,609	11,211,356	11,298,647
\$ 5,840,229	\$ 395,641	\$ 2,352	\$ 1,942	\$ 276,568	\$ 12,503,242	\$ 39,857,662

**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-2019 G.O. BOND FUND  
CAPITAL PROJECTS-IMPACT FEES FUND**

**SPECIAL REVENUE FUNDS  
CARE TAX FUND  
TELECOMMUNICATION BILLING FUND  
REDEVELOPMENT FUND  
COMMUNITY DEVELOPMENT & REHABILITATION FUND  
FRIENDS OF THE OREM PUBLIC LIBRARY 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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Property Taxes	\$ 1,444,675	\$ 1,444,675	\$ 1,443,925	\$ (750)
Special Assessments	20,850	20,850	231,416	210,566
Investment Earnings	-	-	39,379	39,379
Total Revenues	<u>1,465,525</u>	<u>1,465,525</u>	<u>1,714,720</u>	<u>249,195</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	1,748,163	1,748,163	1,745,799	2,364
Interest and Fiscal Charges	3,406,027	3,412,630	3,405,489	7,141
Capital Lease Payments - Principal	426,000	426,000	426,000	-
Capital Lease Payments - Interest	126,222	126,222	126,221	1
Total Expenditures	<u>5,706,412</u>	<u>5,713,015</u>	<u>5,703,509</u>	<u>9,506</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,240,887)</u>	<u>(4,247,490)</u>	<u>(3,988,789)</u>	<u>258,701</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Bonds	-	-	-	-
Payment to Bond Refunding Agent	-	-	-	-
Bond Issuance Premium	-	-	-	-
Transfers In	4,240,887	4,240,887	6,767,858	2,526,971
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,240,887</u>	<u>4,240,887</u>	<u>6,767,858</u>	<u>2,526,971</u>
Net Change in Fund Balance	-	(6,603)	2,779,069	2,785,672
Fund Balance - Beginning	<u>1,099,261</u>	<u>1,099,261</u>	<u>1,099,261</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,099,261</u>	<u>\$ 1,092,658</u>	<u>\$ 3,878,330</u>	<u>\$ 2,785,672</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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 3,000	\$ 147,192	\$ 144,192
Miscellaneous Revenues	270,000	270,000	308,557	38,557
Total Revenues	270,000	273,000	455,749	182,749
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	226,385	16,277,804	1,271,869	15,005,935
Economic and Physical Development	10,000	838,034	316,022	522,012
Total Expenditures	236,385	17,115,838	1,587,891	15,527,947
Excess (Deficiency) of Revenues over (under) Expenditures	33,615	(16,842,838)	(1,132,142)	15,710,696
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	5,285,019	5,285,019	-
Transfers Out	(33,615)	(33,615)	(33,615)	-
Total Other Financing Sources (Uses)	(33,615)	5,251,404	5,251,404	-
Net Change in Fund Balance	-	(11,591,434)	4,119,262	15,710,696
Fund Balance - Beginning	11,896,087	11,896,087	11,896,087	-
Fund Balance - Ending	\$ 11,896,087	\$ 304,653	\$ 16,015,349	\$ 15,710,696



City of Orem  
**Capital Projects-2019 G.O. Bonds - Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For The Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Investment Earnings	\$ -	\$ -	\$ 362,994	362,994
Miscellaneous Revenues	-	-	-	-
Total Revenues	-	-	362,994	362,994
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	-	27,959,484	328,865	27,630,619
Economic and Physical Development	-	-	-	-
Bond Issuance Costs	-	250,279	250,279	-
Total Expenditures	-	28,209,763	579,144	27,630,619
Excess (Deficiency) of Revenues over (under) Expenditures	-	(28,209,763)	(216,150)	27,993,613
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Bonds	-	24,500,000	24,500,000	-
Bond Issuance Premium	-	3,709,763	3,709,763	-
Transfers In	-	-	-	-
Transfers Out	-	-	(2,526,971)	(2,526,971)
Total Other Financing Sources (Uses)	-	28,209,763	25,682,792	(2,526,971)
Net Change in Fund Balance	-	-	25,466,642	25,466,642
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 25,466,642	\$ 25,466,642

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Impact Fees	\$ 380,000	\$ 380,000	\$ 1,812,117	1,432,117
Investment Earnings	-	-	-	-
Miscellaneous Revenues	-	-	-	-
Total Revenues	<u>380,000</u>	<u>380,000</u>	<u>1,812,117</u>	<u>1,432,117</u>
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	380,000	455,661	-	455,661
Economic and Physical Development	-	11,630	11,630	-
Total Expenditures	<u>380,000</u>	<u>467,291</u>	<u>11,630</u>	<u>455,661</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	(87,291)	1,800,487	1,887,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(87,291)	1,800,487	1,887,778
Fund Balance - Beginning	<u>87,291</u>	<u>87,291</u>	<u>87,291</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 87,291</u>	<u>\$ -</u>	<u>\$ 1,887,778</u>	<u>\$ 1,887,778</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales Taxes	\$ 2,040,000	\$ 2,040,000	\$ 2,208,004	\$ 168,004
Investment Earnings	35,000	35,000	106,832	71,832
Total Revenues	2,075,000	2,075,000	2,314,836	239,836
<b>EXPENDITURES</b>				
Current:				
Arts and Recreation Development	2,044,250	1,054,289	994,665	59,624
Capital Outlay	-	4,090,719	344,089	3,746,630
Total Expenditures	2,044,250	5,145,008	1,338,754	3,806,254
Excess (Deficiency) of Revenues over (under) Expenditures	30,750	(3,070,008)	976,082	4,046,090
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(30,750)	(32,448)	(32,448)	-
Total Other Financing Sources (Uses)	(30,750)	(32,448)	(32,448)	-
Net Change in Fund Balance	-	(3,102,456)	943,634	4,046,090
Fund Balance - Beginning	5,004,643	5,004,643	5,004,643	-
Fund Balance - Ending	\$ 5,004,643	\$ 1,902,187	\$ 5,948,277	\$ 4,046,090

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 56,000	\$ 56,000	\$ 40,116	\$ (15,884)
Miscellaneous Revenues	4,000	4,000	1,100	(2,900)
Total Revenues	60,000	60,000	41,216	(18,784)
<b>EXPENDITURES</b>				
Current:				
Miscellaneous Expenditures	60,000	60,000	31,880	28,120
Total Expenditures	60,000	60,000	31,880	28,120
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	9,336	9,336
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	9,336	9,336
Fund Balance - Beginning	28,897	28,897	28,897	-
Fund Balance - Ending	\$ 28,897	\$ 28,897	\$ 38,233	\$ 9,336

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 180,000	\$ 1,110,053	\$ 1,110,053	\$ -
Property Taxes - Tax Increment	1,230,000	1,290,409	1,290,409	-
Investment Earnings	-	120,000	145,964	25,964
Miscellaneous Revenues	-	-	105,308	105,308
Total Revenues	1,410,000	2,520,462	2,651,734	131,272
<b>EXPENDITURES</b>				
Current:				
Redevelopment	601,760	911,507	911,069	438
Capital Outlay	-	5,643,723	70,833	5,572,890
Total Expenditures	601,760	6,555,230	981,902	5,573,328
Excess (Deficiency) of Revenues over (under) Expenditures	808,240	(4,034,768)	1,669,832	5,704,600
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(808,240)	(852,979)	(852,979)	-
Total Other Financing Sources (Uses)	(808,240)	(852,979)	(852,979)	-
Net Change in Fund Balance	-	(4,887,747)	816,853	5,704,600
Fund Balance - Beginning	5,023,376	5,023,376	5,023,376	-
Fund Balance - Ending	\$ 5,023,376	\$ 135,629	\$ 5,840,229	\$ 5,704,600



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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 635,000	\$ 926,586	\$ 391,699	\$ (534,887)
Charges for Services	213,000	213,000	124,234	(88,766)
Investment Earnings	500	500	6,359	5,859
Miscellaneous Revenues	240	240	-	(240)
Total Revenues	848,740	1,140,326	522,292	(618,034)
<b>EXPENDITURES</b>				
Current:				
Economic and Physical Development	514,245	577,590	217,591	359,999
Capital Outlay	65,000	343,592	896	342,696
Debt Service:				
Principal Retirement	75,000	75,000	75,000	-
Interest and Fiscal Charges	33,994	38,964	38,964	-
Total Expenditures	688,239	1,035,146	332,451	702,695
Excess (Deficiency) of Revenues over (under) Expenditures	160,501	105,180	189,841	84,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Asset Disposals	-	-	15,200	15,200
Transfers In	108,283	17,591	1,466	(16,125)
Transfers Out	(268,784)	(178,092)	(128,623)	49,469
Total Other Financing Sources (Uses)	(160,501)	(160,501)	(111,957)	48,544
Net Change in Fund Balance	-	(55,321)	77,884	133,205
Fund Balance - Beginning	317,757	317,757	317,757	-
Fund Balance - Ending	\$ 317,757	\$ 262,436	\$ 395,641	\$ 133,205

City of Orem  
Friends of the Orem Public Library - Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For The Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 6,500	\$ 6,500	\$ 14,019	\$ 7,519
Miscellaneous Revenues	-	1,100	395	(705)
Total Revenues	6,500	7,600	14,414	6,814
<b>EXPENDITURES</b>				
Current:				
Library Programs	8,500	22,505	12,586	9,919
Total Expenditures	8,500	22,505	12,586	9,919
Excess (Deficiency) of Revenues over (under) Expenditures	(2,000)	(14,905)	1,828	16,733
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,000	900	542	(358)
Transfers Out	-	(579,000)	(579,000)	-
Total Other Financing Sources (Uses)	2,000	(578,100)	(578,458)	(358)
Net Change in Fund Balance	-	(593,005)	(576,630)	16,375
Fund Balance - Beginning	578,982	578,982	578,982	-
Fund Balance - Ending	\$ 578,982	\$ (14,023)	\$ 2,352	\$ 16,375

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Miscellaneous Revenues	\$ 2,000	\$ 116,442	\$ 117,934	\$ 1,492
Total Revenues	2,000	116,442	117,934	1,492
<b>EXPENDITURES</b>				
Current:				
City Programs	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	2,000	116,442	117,934	1,492
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(2,000)	(116,442)	(116,084)	358
Total Other Financing Sources (Uses)	(2,000)	(116,442)	(116,084)	358
Net Change in Fund Balance	-	-	1,850	1,850
Fund Balance - Beginning	92	92	92	-
Fund Balance - Ending	\$ 92	\$ 92	\$ 1,942	\$ 1,850

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 26,350	\$ 26,350	\$ 18,021	\$ (8,329)
Investment Earnings	1,800	1,800	6,938	5,138
Miscellaneous Revenues	21,850	21,850	16,928	(4,922)
Total Revenues	50,000	50,000	41,887	(8,113)
<b>EXPENDITURES</b>				
Current:				
Dances	8,900	8,900	3,004	5,896
Tours	25,000	25,000	5,155	19,845
Miscellaneous Expenditures	16,100	16,916	10,834	6,082
Capital Outlay	-	4,184	3,935	249
Total Expenditures	50,000	55,000	22,928	32,072
Excess (Deficiency) of Revenues over (under) Expenditures	-	(5,000)	18,959	23,959
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(5,000)	18,959	23,959
Fund Balance - Beginning	257,609	257,609	257,609	-
Fund Balance - Ending	\$ 257,609	\$ 252,609	\$ 276,568	\$ 23,959

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## Combining Financial Statements Nonmajor Proprietary Funds

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

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

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

City of Orem  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2019

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 982,333	\$ 1,033,547	\$ 1,109,613	\$ 1,077,318
Accounts Receivable (Net of Allowance for Doubtful Accounts)	19,458	10,454	445,523	419,326
Total Current Assets	<u>1,001,791</u>	<u>1,044,001</u>	<u>1,555,136</u>	<u>1,496,644</u>
Noncurrent Assets:				
Capital Assets:				
Land	39,822	39,822	-	-
Buildings and Systems	4,125,955	4,125,955	-	-
Improvements other than Buildings	1,911,903	1,911,903	-	-
Machinery and Equipment	5,780	5,780	-	-
Infrastructure	-	-	-	-
Less Accumulated Depreciation	(5,486,447)	(5,373,825)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>597,013</u>	<u>709,635</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>597,013</u>	<u>709,635</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,598,804</u>	<u>1,753,636</u>	<u>1,555,136</u>	<u>1,496,644</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	164,577	159,597	-	-
Total Deferred Outflows of Resources	<u>164,577</u>	<u>159,597</u>	<u>-</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 1,763,381</u>	<u>\$ 1,913,233</u>	<u>\$ 1,555,136</u>	<u>\$ 1,496,644</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 47,893	\$ 38,924	\$ 276,466	\$ 261,633
Accrued Liabilities	99,600	85,628	-	-
Accrued Vacation Leave	22,487	32,330	-	-
Unearned Revenues	346,943	434,310	-	-
Total Current Liabilities	<u>516,923</u>	<u>591,192</u>	<u>276,466</u>	<u>261,633</u>
Noncurrent Liabilities:				
Accrued Vacation Leave	1,184	1,742	-	-
Net Pension Liability	231,744	144,783	-	-
Total Noncurrent Liabilities	<u>232,928</u>	<u>146,525</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>749,851</u>	<u>737,717</u>	<u>276,466</u>	<u>261,633</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	15,414	103,658	-	-
Total Deferred Inflows of Resources	<u>15,414</u>	<u>103,658</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	597,013	709,635	-	-
Unrestricted	401,103	362,223	1,278,670	1,235,011
Total Net Position	<u>998,116</u>	<u>1,071,858</u>	<u>1,278,670</u>	<u>1,235,011</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 1,763,381</u>	<u>\$ 1,913,233</u>	<u>\$ 1,555,136</u>	<u>\$ 1,496,644</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 1,630,175	\$ 588,141	\$ 3,722,121	\$ 2,699,006
92,094	101,111	557,075	530,891
1,722,269	689,252	4,279,196	3,229,897
-	-	39,822	39,822
-	-	4,125,955	4,125,955
-	-	1,911,903	1,911,903
121,733	94,609	127,513	100,389
2,517,096	2,332,084	2,517,096	2,332,084
(544,848)	(484,783)	(6,031,295)	(5,858,608)
2,093,981	1,363,282	2,690,994	2,651,545
2,093,981	1,363,282	2,690,994	2,651,545
3,816,250	2,052,534	6,970,190	5,881,442
27,499	20,336	192,076	179,933
27,499	20,336	192,076	179,933
\$ 3,843,749	\$ 2,072,870	\$ 7,162,266	\$ 6,061,375
\$ 11,226	\$ 14,996	\$ 335,585	\$ 315,553
7,997	4,545	107,597	90,173
11,681	9,523	34,168	41,853
-	-	346,943	434,310
30,904	29,064	824,293	881,889
615	483	1,799	2,225
38,721	18,449	270,465	163,232
39,336	18,932	272,264	165,457
70,240	47,996	1,096,557	1,047,346
2,576	13,208	17,990	116,866
2,576	13,208	17,990	116,866
2,093,981	1,941,910	2,690,994	2,651,545
1,676,952	648,384	3,356,725	2,245,618
3,770,933	2,590,294	6,047,719	4,897,163
\$ 3,843,749	\$ 2,651,498	\$ 7,162,266	\$ 6,061,375

City of Orem  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Proprietary Funds  
For The Year Ended June 30, 2019

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,608,029	\$ 1,669,325	\$ 3,845,141
Other Revenues	1,300	596	-
Total Operating Revenues	<u>1,609,329</u>	<u>1,669,921</u>	<u>3,845,141</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	1,349,201	1,273,832	-
Supplies and Maintenance	179,512	266,729	148,817
Administrative Fee	37,080	27,287	219,717
Utilities	298,133	262,793	-
Contract Services	16,697	15,869	3,292,402
Equipment Lease and Rentals	-	35	-
Insurance	24,000	24,000	-
Depreciation	112,622	112,690	-
Miscellaneous	23,776	9,855	103,923
Total Operating Expenses	<u>2,041,021</u>	<u>1,993,090</u>	<u>3,764,859</u>
Operating Income (Loss)	<u>(431,692)</u>	<u>(323,169)</u>	<u>80,282</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Investment Earnings	26,777	15,888	21,507
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Nonoperating Revenues & Expenses	<u>26,777</u>	<u>15,888</u>	<u>21,507</u>
Income (Loss) before Transfers	<u>(404,915)</u>	<u>(307,281)</u>	<u>101,789</u>
Transfers In	405,000	404,000	-
Transfers Out	<u>(73,827)</u>	<u>(71,491)</u>	<u>(58,130)</u>
Change in Net Position	<u>(73,742)</u>	<u>25,228</u>	<u>43,659</u>
Total Net Position - Beginning	<u>1,071,858</u>	<u>1,046,630</u>	<u>1,235,011</u>
Total Net Position - Ending	<u>\$ 998,116</u>	<u>\$ 1,071,858</u>	<u>\$ 1,278,670</u>

Solid Waste Fund Prior Year	Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 3,692,573	\$ 925,100	\$ 932,281	\$ 6,378,270	\$ 6,294,179
-	289,610	91,085	290,910	91,681
3,692,573	1,214,710	1,023,366	6,669,180	6,385,860
-	163,436	125,768	1,512,637	1,399,600
164,925	43,914	50,644	372,243	482,298
206,317	67,599	58,465	324,396	292,069
-	133,234	145,077	431,367	407,870
3,149,441	100	-	3,309,199	3,165,310
-	780	548,671	780	548,706
-	2,500	2,500	26,500	26,500
-	60,065	44,116	172,687	156,806
96,621	2,814	6,536	130,513	113,012
3,617,304	474,442	981,777	6,280,322	6,592,171
75,269	740,268	41,589	388,858	(206,311)
15,332	35,764	20,993	84,048	52,213
-	-	-	-	-
15,332	35,764	20,993	84,048	52,213
90,601	776,032	62,582	472,906	(154,098)
-	775,000	775,000	1,180,000	1,179,000
(45,232)	(370,393)	(422,481)	(502,350)	(539,204)
45,369	1,180,639	415,101	1,150,556	485,698
1,189,642	2,590,294	2,175,193	4,897,163	4,411,465
\$ 1,235,011	\$ 3,770,933	\$ 2,590,294	\$ 6,047,719	\$ 4,897,163



City of Orem  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For The Year Ended June 30, 2019

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year	Solid Waste Fund Prior Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,600,325	\$ 1,670,590	\$ 3,818,944	\$ 3,677,157
Payments to Suppliers	(620,288)	(467,429)	(3,530,309)	(3,418,655)
Payments for Personnel	(1,352,121)	(1,290,230)	-	-
Payments for Interfund Services Used	(37,080)	(27,287)	(219,717)	(206,317)
Net Cash Provided (Used) by Operating Activities	(409,164)	(114,356)	68,918	52,185
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	405,000	404,000	-	-
Transfers Out	(73,827)	(71,491)	(58,130)	(45,232)
Net Cash Provided (Used) by Noncapital Activities	331,173	332,509	(58,130)	(45,232)
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment Earnings	26,777	15,888	21,507	15,332
Net Cash Provided (Used) by Investing Activities	26,777	15,888	21,507	15,332
Net Increase (Decrease) in Cash and Cash Equivalents	(51,214)	234,041	32,295	22,285
Cash and Cash Equivalents - Beginning of Year	1,033,547	799,506	1,077,318	1,055,033
Cash and Cash Equivalents - End of Year	<u>\$ 982,333</u>	<u>\$ 1,033,547</u>	<u>\$ 1,109,613</u>	<u>\$ 1,077,318</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (431,692)	\$ (323,169)	\$ 80,282	\$ 75,269
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 112,622	\$ 112,690	\$ -	\$ -
(Increase) Decrease in Receivables	(9,004)	669	(26,197)	(15,416)
(Increase) Decrease in Pension Assets	(4,980)	17,387	-	-
Increase (Decrease) in Accounts Payable	8,969	(3,883)	14,833	(7,668)
Increase (Decrease) in Accrued Liabilities	13,972	157	-	-
Increase (Decrease) in Unearned Revenue	(87,367)	115,507	-	-
Increase (Decrease) in Accrued Vacation Leave	(10,401)	(989)	-	-
Increase (Decrease) in Pension Liabilities	(1,283)	(32,725)	-	-
Total Adjustments	22,528	208,813	(11,364)	(23,084)
Net Cash Provided (Used) by Operating Activities	<u>\$ (409,164)</u>	<u>\$ (114,356)</u>	<u>\$ 68,918</u>	<u>\$ 52,185</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 1,223,727 (187,112) (155,217) (67,599)	\$ 1,021,286 (738,633) (127,418) (58,465)	\$ 6,642,996 (4,337,709) (1,507,338) (324,396)	\$ 6,369,033 (4,624,717) (1,417,648) (292,069)
813,799	96,770	473,553	34,599
775,000 (370,393)	775,000 (422,481)	1,180,000 (502,350)	1,179,000 (539,204)
404,607	352,519	677,650	639,796
(212,136)	(622,744)	(212,136)	(622,744)
(212,136)	(622,744)	(212,136)	(622,744)
35,764	20,993	84,048	52,213
35,764	20,993	84,048	52,213
1,042,034	(152,462)	1,023,115	103,864
588,141	740,603	2,699,006	2,595,142
<u>\$ 1,630,175</u>	<u>\$ 588,141</u>	<u>\$ 3,722,121</u>	<u>\$ 2,699,006</u>
\$ 740,268	\$ 41,589	388,858	(206,311)
\$ 60,065 9,017 (7,163) (3,770) 3,452 - 2,290 9,640 73,531	\$ 44,116 (2,080) 2,216 14,795 (161) - 465 (4,170) 55,181	172,687 (26,184) (12,143) 20,032 17,424 (87,367) (8,111) 8,357 84,695	156,806 (16,827) 19,603 3,244 (4) 115,507 (524) (36,895) 240,910
<u>\$ 813,799</u>	<u>\$ 96,770</u>	<u>\$ 473,553</u>	<u>\$ 34,599</u>

## Internal Service Funds

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

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

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

Self-Insurance Fund – This fund accounts for the costs of insurance premiums and claims made against the City. Monies are accumulated in this fund to pay premiums for liability and property damage insurance and other claims. The City participates in the Utah Risk Management Mutual Association for its liability and property damage insurance. Insurance for large vehicles and equipment is purchased from private insurers. The fund also accounts for the insurance benefits of employees (i.e., state unemployment insurance, workers compensation insurance). The fund is financed by allocated charges made to the other funds for liability and property damage insurance. Charges for employee insurance benefits are made directly to each fund as a part of the payroll system. See footnote 5.A. for additional information regarding this fund.

Information Technology Fund – This fund accounts for the technological needs of the City including, but not limited to, computers, servers, networks, telephone systems, cell phone services, software, internet services, and all maintenance needs related thereto. It provides these services to all governmental and proprietary funds. It is financed by charges made to the other funds. Funds are charged for supplies and materials at cost. Personnel, administrative and overhead costs are charged on an estimated allocation basis established at the beginning of each fiscal year.

City of Orem  
Internal Service Funds  
Combining Statement of Net Position  
June 30, 2019

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Total
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 389,690	\$ 49,575	\$ 2,545,127	\$ 1,174,495	\$ 4,158,887
Inventories	-	322,563	-	-	322,563
Prepays	-	-	8,871	20,784	29,655
Total Current Assets	389,690	372,138	2,553,998	1,195,279	4,511,105
Noncurrent Assets:					
Capital Assets:					
Buildings	-	150,000	-	-	150,000
Machinery and Equipment	196,584	15,968	-	168,597	381,149
Less Accumulated Depreciation	(146,500)	(88,468)	-	(35,734)	(270,702)
Total Capital Assets (Net of Accumulated Depreciation)	50,084	77,500	-	132,863	260,447
Total Noncurrent Assets	50,084	77,500	-	132,863	260,447
Total Assets	439,774	449,638	2,553,998	1,328,142	4,771,552
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	106,237	123,644	30,732	677,945	938,558
Total Deferred Outflows of Resources	106,237	123,644	30,732	677,945	938,558
Total Assets & Deferred Outflows of Resources	\$ 546,011	\$ 573,282	\$ 2,584,730	\$ 2,006,087	\$ 5,710,110
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 2,276	\$ 1,738	\$ 57	\$ 62,481	\$ 66,552
Accrued Liabilities	22,103	10,410	3,960	48,833	85,306
Due to Other Funds	-	-	-	-	-
Accrued Vacation Leave	33,557	16,774	1,866	79,941	132,138
Claims and Judgments	-	-	428,816	-	428,816
Capital Lease Payable - Current Portion	1,100	-	-	23,386	24,486
Total Current Liabilities	59,036	28,922	434,699	214,641	737,298
Noncurrent Liabilities:					
Accrued Vacation Leave	1,767	883	12,445	4,208	19,303
Claims and Judgments	-	-	950,215	-	950,215
Capital Lease Payable - Long-term Portion	23,189	-	-	32,254	55,443
Net Pension Liability	149,593	174,105	43,276	954,625	1,321,599
Total Noncurrent Liabilities	174,549	174,988	1,005,936	991,087	2,346,560
Total Liabilities	233,585	203,910	1,440,635	1,205,728	3,083,858
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	9,950	11,580	2,878	63,494	87,902
Total Deferred Inflows of Resources	9,950	11,580	2,878	63,494	87,902
<b>NET POSITION</b>					
Net Investment in Capital Assets	25,795	77,500	-	77,223	180,518
Unrestricted	276,681	280,292	1,141,217	659,642	2,357,832
Total Net Position	302,476	357,792	1,141,217	736,865	2,538,350
Total Liabilities, Deferred Inflows of Resources, & Net Position	\$ 546,011	\$ 573,282	\$ 2,584,730	\$ 2,006,087	\$ 5,710,110

City of Orem  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For The Year Ended June 30, 2019

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Total
<b>OPERATING REVENUES:</b>					
Charges for Services to Other Funds	\$ 784,000	\$ 375,000	\$ 1,828,872	\$ 2,380,000	\$ 5,367,872
Other Revenues	1,500	180	-	9,336	11,016
Total Operating Revenues	<u>785,500</u>	<u>375,180</u>	<u>1,828,872</u>	<u>2,389,336</u>	<u>5,378,888</u>
<b>OPERATING EXPENSES:</b>					
Personnel Services	502,500	245,607	109,923	1,396,038	2,254,068
Supplies, Maintenance and Claims	172,536	112,792	1,843,452	945,508	3,074,288
Equipment Lease & Rentals	-	-	-	163	163
Depreciation Expense	9,667	6,000	-	20,073	35,740
Total Operating Expenses	<u>684,703</u>	<u>364,399</u>	<u>1,953,375</u>	<u>2,361,782</u>	<u>5,364,259</u>
Operating Income (Loss)	<u>100,797</u>	<u>10,781</u>	<u>(124,503)</u>	<u>27,554</u>	<u>14,629</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain (Loss) on Sales of Fixed Assets	1,223	-	-	-	1,223
Interest Expense and Fiscal Charges	-	-	-	(1,070)	(1,070)
Total Nonoperating Revenues (Expenses)	<u>1,223</u>	<u>-</u>	<u>-</u>	<u>(1,070)</u>	<u>153</u>
Income (Loss) before Operating Transfers	102,020	10,781	(124,503)	26,484	14,782
Transfers In	-	-	-	-	-
Transfers Out	<u>(68,444)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,444)</u>
Change in Net Position	33,576	10,781	(124,503)	26,484	(53,662)
Total Net Position - Beginning	<u>268,900</u>	<u>347,011</u>	<u>1,265,720</u>	<u>710,381</u>	<u>2,592,012</u>
Total Net Position - Ending	<u>\$ 302,476</u>	<u>\$ 357,792</u>	<u>\$ 1,141,217</u>	<u>\$ 736,865</u>	<u>\$ 2,538,350</u>



**City of Orem**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Year Ended June 30, 2019**

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Interfund Services Provided	\$ 785,500	\$ 375,180	\$ 1,828,872	\$ 2,389,336	\$ 5,378,888
Payments to Suppliers	(165,398)	(69,960)	(1,794,706)	(911,305)	(2,941,369)
Payments for Personnel	(491,538)	(255,645)	(97,553)	(1,371,145)	(2,215,881)
Net Cash Provided (Used) by Operating Activities	128,564	49,575	(63,387)	106,886	221,638
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers Out	(68,444)	-	-	-	(68,444)
Net Cash Provided (Used) by Noncapital Financing Activities	(68,444)	-	-	-	(68,444)
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>					
Acquisition of Capital Assets	-	-	-	(67,407)	(67,407)
Proceeds from the Sale of Capital Assets	1,223	-	-	-	1,223
Proceeds from Capital Leases	-	-	-	71,031	71,031
Principal paid on Outstanding Debt	(381)	-	-	(15,391)	(15,772)
Interest paid on Outstanding Debt	-	-	-	(1,070)	(1,070)
Net Cash Provided (Used) in Capital Financing Activities	842	-	-	(12,837)	(11,995)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Investment Earnings	-	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	60,962	49,575	(63,387)	94,049	141,199
Cash and Cash Equivalents - Beginning of Year	328,728	-	2,608,514	1,080,446	4,017,688
Cash and Cash Equivalents - End of Year	\$ 389,690	\$ 49,575	\$ 2,545,127	\$ 1,174,495	\$ 4,158,887
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 100,797	\$ 10,781	\$ (124,503)	\$ 27,554	\$ 14,629
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	9,667	6,000	-	20,073	35,740
(Increase) Decrease in Inventory	-	80,590	-	-	80,590
(Increase) Decrease in Prepaids	-	-	(8,871)	(20,784)	(29,655)
(Increase) Decrease in Pension Assets	(25,474)	(560)	(11,895)	(130,795)	(168,724)
Increase (Decrease) in Accounts Payable	2,006	(38,709)	(1,501)	52,140	13,936
Increase (Decrease) in Accrued Liabilities	5,132	951	162	3,010	9,255
Increase (Decrease) in Accrued Vacation Leave	2,615	(3,561)	7,435	(10,696)	(4,207)
Increase (Decrease) in Pension Liabilities	33,821	(5,917)	16,830	166,384	211,118
Increase (Decrease) in Claims and Judgments	-	-	58,956	-	58,956
Total Adjustments	27,767	38,794	61,116	79,332	207,009
Net Cash Provided (Used) by Operating Activities	\$ 128,564	\$ 49,575	\$ (63,387)	\$ 106,886	\$ 221,638

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

City of Orem  
Schedules of Capital Assets Used in The Operations of Governmental Funds  
Schedules By Source - Comparative<sup>1</sup>  
June 30, 2019 and 2018

	2019	2018
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 65,413,637	\$ 65,413,637
Buildings	32,731,587	32,731,587
Improvements other than Buildings	38,053,390	36,897,274
Machinery and Equipment	23,042,871	22,174,575
Infrastructure	122,199,943	120,824,984
Construction in Progress	1,443,113	490,272
Total Governmental Funds Capital Assets	<u>\$ 282,884,541</u>	<u>\$ 278,532,329</u>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
General Fund	\$ 241,355,610	\$ 238,128,794
Capital Projects Fund	16,826,099	17,095,536
Federal Grants	635,635	635,635
State Road Funds	16,128,168	14,805,064
Redevelopment	4,021,742	3,950,909
Community Development	3,917,287	3,916,391
Total Governmental Funds Capital Assets	<u>\$ 282,884,541</u>	<u>\$ 278,532,329</u>

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

City of Orem  
Schedules of Capital Assets Used in The Operations of Governmental Funds  
Schedule By Function and Activity<sup>1</sup>  
June 30, 2019

Function and Activity	Land	Buildings	Improvements Other Than Buildings
<b>General Government:</b>			
Executive	\$ -	\$ 2,075	\$ 81,479
Personnel Administration	-	-	-
Administrative Services	-	-	26,263
Legal	-	-	-
Development Services	-	-	-
General Government	1,710,203	3,841,058	4,569,163
Engineering	-	-	-
Redevelopment	1,700,048	-	85,080
Community Development	-	8,105	1,673,455
Total General Government	<u>3,410,251</u>	<u>3,851,238</u>	<u>6,435,440</u>
<b>Public Safety:</b>			
Administration	-	5,377,906	28,407
Police Protection	-	-	117,385
Fire Protection	174,096	2,486,089	935,129
Emergency Services	-	1,580	-
Total Public Safety	<u>174,096</u>	<u>7,865,575</u>	<u>1,080,921</u>
<b>Highways and Streets:</b>			
Administration & Engineering	33,550	7,874,114	363,324
Street System	51,422,579	69,298	3,526,826
Street Lighting	-	-	1,421,854
Total Highways and Streets	<u>51,456,129</u>	<u>7,943,412</u>	<u>5,312,004</u>
<b>Parks and Recreation</b>	10,150,816	8,252,592	23,887,391
<b>Library</b>	<u>222,345</u>	<u>4,818,770</u>	<u>1,337,634</u>
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 65,413,637</u>	<u>\$ 32,731,587</u>	<u>\$ 38,053,390</u>

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

Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ 747,392	\$ -	\$ -	\$ 830,946
8,013	-	-	8,013
279,384	-	-	305,647
21,498	-	-	21,498
167,977	-	-	167,977
135,256	291,428	-	10,547,108
332,709	-	-	332,709
-	2,236,614	-	4,021,742
-	2,234,831	896	3,917,287
1,692,229	4,762,873	896	20,152,927
1,236,792	-	-	6,643,105
5,973,913	-	-	6,091,298
6,555,949	253,496	731,563	11,136,322
77,072	-	-	78,652
13,843,726	253,496	731,563	23,949,377
365,230	-	-	8,636,218
3,553,605	115,207,484	127,262	173,907,054
-	1,136,156	-	2,558,010
3,918,835	116,343,640	127,262	185,101,282
2,914,672	839,934	328,865	46,374,270
673,409	-	254,527	7,306,685
\$ 23,042,871	\$ 122,199,943	\$ 1,443,113	\$ 282,884,541



City of Orem  
Schedules of Capital Assets Used in The Operations of Governmental Funds  
Schedule of Changes By Function and Activity<sup>1</sup>  
For The Year Ended June 30, 2019

Function and Activity	Governmental Funds Capital Assets June 30, 2018	Additions	Deductions	Governmental Funds Capital Assets June 30, 2019
<b>General Government:</b>				
Executive	\$ 830,945	\$ -	\$ -	\$ 830,945
Personnel Administration	8,013	-	-	8,013
Administrative Services	338,196	39,217	(71,766)	305,647
Legal	21,498	-	-	21,498
Development Services	203,484	9,672	(45,178)	167,978
General Government	10,519,581	27,527	-	10,547,108
Engineering	373,695	-	(40,986)	332,709
Redevelopment	3,950,908	70,834	-	4,021,742
Community Development	3,916,391	896	-	3,917,287
Total General Government	20,162,711	148,146	(157,930)	20,152,927
<b>Public Safety:</b>				
Administration	6,627,962	27,497	(12,354)	6,643,105
Police Protection	6,112,055	562,398	(583,155)	6,091,298
Fire Protection	10,190,667	1,153,625	(207,970)	11,136,322
Emergency Services	78,652	-	-	78,652
Total Public Safety	23,009,336	1,743,520	(803,479)	23,949,377
<b>Highways and Streets:</b>				
Administration & Engineering	8,648,697	-	(12,479)	8,636,218
Street System	172,244,333	3,168,753	(1,506,031)	173,907,055
Street Lighting	2,558,009	-	-	2,558,009
Total Highways and Streets	183,451,039	3,168,753	(1,518,510)	185,101,282
<b>Parks and Recreation</b>	44,939,047	1,557,683	(122,460)	46,374,270
<b>Library</b>	6,970,196	336,489	-	7,306,685
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 278,532,329</b>	<b>\$ 6,954,591</b>	<b>\$ (2,602,379)</b>	<b>\$ 282,884,541</b>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

# STATISTICAL SECTION

# STATISTICAL SECTION

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	<b>144</b>
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>152</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity and Other Debt Information</b>	<b>164</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>175</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating and Other Information</b>	<b>178</b>
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Information related to any new GASB pronouncements required to be included within these statements is shown prospectively except in those cases in which prior year information was readily available.

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 117,860,004	\$ 120,200,518	\$ 118,628,873	\$ 116,156,331
Restricted:				
Debt Service	2,727,121	5,213,847	5,243,669	3,321,577
Capital Improvements	1,741,829	11,343,346	12,514,381	14,939,254
Pensions	-	-	-	-
Community Development	69,306	4,511,078	4,969,244	5,238,370
Subtotal - Restricted	4,538,256	21,068,271	22,727,294	23,499,201
Unrestricted	28,287,115	11,301,287	12,619,271	15,467,624
Total Governmental Activities Net Position	150,685,375	152,570,076	153,975,438	155,123,156
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	51,418,176	50,282,917	51,205,188	52,401,013
Restricted:				
Debt Service	4,223,890	3,696,467	2,140,970	2,035,413
Capital Improvements	57,723	372,691	103,510	-
Pensions	-	-	-	-
Subtotal - Restricted	4,281,613	4,069,158	2,244,480	2,035,413
Unrestricted	6,880,529	8,249,952	11,483,226	13,503,553
Total Business-type Activities Net Position	62,580,318	62,602,027	64,932,894	67,939,979
<b>Primary Government:</b>				
Net Investment in Capital Assets	169,278,180	170,483,435	169,834,061	168,557,344
Restricted:				
Debt Service	6,951,011	8,910,314	7,384,639	5,356,990
Capital Improvements	1,799,552	11,716,037	12,617,891	14,939,254
Pensions	-	-	-	-
Community Development	69,306	4,511,078	4,969,244	5,238,370
Subtotal - Restricted	8,819,869	25,137,429	24,971,774	25,534,614
Unrestricted	35,167,644	19,551,239	24,102,497	28,971,177
Total Primary Government Net Position	\$ 213,265,693	\$ 215,172,103	\$ 218,908,332	\$ 223,063,135

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 119,632,622	\$ 125,400,639	\$ 126,818,760	\$ 131,968,221	\$ 133,402,160	\$ 134,356,643
3,962,783	4,397,812	3,276,616	3,124,343	3,344,100	5,845,268
13,182,105	13,746,082	14,968,717	12,172,402	12,037,092	41,220,022
-	474,700	18,819	11,876	871,227	-
2,077,923	2,325,070	1,966,450	2,465,412	3,609,728	3,832,719
19,222,811	20,943,664	20,230,602	17,774,033	19,862,147	50,898,009
18,050,956	14,694,051	22,000,259	23,803,593	27,529,253	4,440,295
156,906,389	161,038,354	169,049,621	173,545,847	180,793,560	189,694,947
51,205,761	55,221,666	56,904,569	59,715,600	63,143,175	69,151,941
2,415,159	1,658,404	2,448,592	1,860,333	1,995,491	2,121,261
44,000	66,000	88,000	110,000	194,727	983,589
-	2,025	145	-	-	-
2,459,159	1,726,429	2,536,737	1,970,333	2,190,218	3,104,850
17,867,439	18,391,654	20,298,964	27,455,917	37,657,454	47,291,346
71,532,359	75,339,749	79,740,270	89,141,850	102,990,847	119,548,137
170,838,383	180,622,305	183,723,329	191,683,821	196,545,335	203,508,584
6,377,942	6,056,216	5,725,208	4,984,676	5,339,591	7,966,529
13,226,105	13,812,082	15,056,717	12,282,402	12,231,819	42,203,611
-	476,725	18,964	11,876	871,227	-
2,077,923	2,325,070	1,966,450	2,465,412	3,609,728	3,832,719
21,681,970	22,670,093	22,767,339	19,744,366	22,052,365	54,002,859
35,918,395	33,085,705	42,299,223	51,259,510	65,186,707	51,731,641
\$ 228,438,748	\$ 236,378,103	\$ 248,789,891	\$ 262,687,697	\$ 283,784,407	\$ 309,243,084



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

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
<b>Expenses</b>						
Governmental Activities:						
General Government	\$ 10,173,033	\$ 10,878,275	\$ 11,154,305	\$ 11,534,649	\$ 12,398,443	\$ 10,948,663
Public Safety	20,987,542	21,030,800	21,611,770	21,305,592	20,927,444	20,363,836
Highways and Public Improvements	7,677,709	8,445,665	7,987,142	7,485,469	7,583,113	7,360,050
Parks, Recreation and Arts	9,291,122	9,018,719	9,266,216	8,961,377	8,415,399	8,448,553
Economic and Physical Development	1,868,880	1,831,623	1,664,674	778,954	815,708	513,855
Redevelopment	1,030,308	1,039,965	1,651,667	1,217,886	1,305,271	1,320,100
Interest on Long-term Debt	2,130,686	1,857,526	3,654,187	6,151,718	6,585,839	3,990,714
Total Governmental Activities Expenses	53,159,280	54,102,573	56,989,961	57,435,645	58,031,217	52,945,771
Business-type Activities:						
Water	9,790,583	9,726,003	9,939,501	10,405,264	10,765,320	10,460,803
Water Reclamation	5,963,812	5,924,058	6,173,983	6,164,406	6,597,101	6,268,592
Storm Water	2,312,019	2,272,163	2,335,612	2,338,213	2,401,066	2,444,269
Recreation	1,766,296	1,765,355	1,818,935	1,758,026	1,716,490	1,949,301
Solid Waste	3,211,021	3,180,547	3,189,138	2,999,632	3,207,627	3,139,688
Street Lighting	1,275,827	1,282,288	1,231,494	1,260,509	1,283,895	1,297,064
Total Business-type Activities Expenses	24,319,558	24,150,414	24,688,663	24,926,050	25,971,499	25,559,717
Total Primary Government Expenses	77,478,838	78,252,987	81,678,624	82,361,695	84,002,716	78,505,488
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services:						
General Government	7,689,108	8,778,383	9,943,923	9,624,404	10,180,619	11,868,366
Public Safety	4,603,279	4,246,902	4,116,110	4,306,443	4,276,822	5,229,158
Parks, Recreation and Arts	554,474	818,010	833,489	820,453	856,832	751,427
All Others	33,632	9,571	78,199	163,099	76,768	118,984
Operating Grants and Contributions	1,595,959	2,254,533	2,077,014	1,273,162	1,271,755	1,332,898
Capital Grants and Contributions	3,074,396	2,966,474	2,565,504	2,613,082	2,413,909	4,017,121
Total Governmental Activities Program Revenues	17,550,848	19,073,873	19,614,239	18,800,643	19,076,705	23,317,954
Business-type Activities:						
Charges for Services:						
Water	8,468,089	9,237,211	11,040,897	11,021,745	13,201,526	13,425,701
Water Reclamation	6,448,057	6,597,342	6,811,766	7,146,508	7,520,706	8,007,161
Storm Water	2,819,306	2,639,270	2,944,351	3,091,807	3,103,768	3,170,615
Recreation	1,590,568	1,656,084	1,704,847	1,650,645	1,369,357	1,546,991
Solid Waste	3,084,768	3,102,999	3,180,937	3,237,559	3,369,722	3,400,359
Street Lighting	866,134	864,928	869,312	897,672	1,011,739	985,291
Capital Grants and Contributions	313,622	112,480	73,400	394,507	723,964	591,886
Total Business-type Activities Program Revenues	23,590,544	24,210,314	26,625,510	27,440,443	30,300,782	31,128,004
Total Primary Government Program Revenues	41,141,392	43,284,187	46,239,749	46,241,086	49,377,487	54,445,958
<b>Net (Expense) Revenue</b>						
Governmental Activities	(35,608,432)	(35,028,700)	(37,375,722)	(38,635,002)	(38,954,512)	(29,627,817)
Business-type Activities	(729,014)	59,900	1,936,847	2,514,393	4,329,283	5,568,287
Total Primary Government Net (Expense) Revenue	\$ (36,337,446)	\$ (34,968,800)	\$ (35,438,875)	\$ (36,120,609)	\$ (34,625,229)	\$ (24,059,530)
<b>General Revenues and Other Changes in Net Position</b>						
Governmental Activities:						
Taxes:						
Sales Taxes	16,779,178	17,096,224	18,106,273	18,944,647	19,818,967	20,727,557
Property Taxes	10,320,412	10,893,480	11,008,739	11,517,710	11,065,522	9,839,669
Franchise Taxes	7,643,257	7,301,384	7,437,757	7,816,921	7,956,780	7,698,687
Vehicle and Other Taxes	1,505,864	1,332,635	1,963,732	1,585,215	1,402,481	828,941
Unrestricted Investment Earnings	212,169	180,340	288,930	274,462	421,721	402,246
Gain on Sale of Capital Assets	74,794	17,405	73,693	43,371	54,728	2,539,390
Transfers	(68,020)	91,933	(98,040)	(399,606)	500,649	532,903
Total Governmental Activities	36,467,654	36,913,401	38,781,084	39,782,720	41,220,848	42,569,393
Business-type Activities:						
Unrestricted Investment Earnings	92,554	80,038	125,167	90,651	98,093	122,371
Gain on Sale of Capital Assets	10,156	(26,296)	170,813	2,435	10,733	85,244
Transfers	68,020	(91,933)	98,040	399,606	(500,649)	(532,903)
Total Business-type Activities	170,730	(38,191)	394,020	492,692	(391,823)	(325,288)
Total Primary Government	36,638,384	36,875,210	39,175,104	40,275,412	40,829,025	42,244,105
<b>Change in Net Position</b>						
Governmental Activities	859,222	1,884,701	1,405,362	1,147,718	2,266,336	12,941,576
Business-type Activities	(558,284)	21,709	2,330,867	3,007,085	3,937,460	5,242,999
Total Primary Government	\$ 300,938	\$ 1,906,410	\$ 3,736,229	\$ 4,154,803	\$ 6,203,796	\$ 18,184,575

Fiscal Year			
2016	2017	2018	2019
\$ 11,148,210	\$ 13,160,153	\$ 13,153,262	\$ 15,017,456
21,750,059	23,578,262	23,214,380	25,463,111
7,426,758	7,085,621	7,012,058	7,688,525
8,704,800	9,471,883	10,561,367	9,613,483
867,172	950,630	1,504,742	887,655
187,497	1,286,498	756,175	1,004,364
3,624,749	3,596,868	3,505,369	4,122,763
53,709,245	59,129,915	59,707,353	63,797,357
10,335,616	11,021,079	12,570,988	13,361,446
6,716,546	6,723,394	7,117,138	7,517,084
2,460,540	2,371,647	2,567,634	2,837,289
2,023,758	1,962,995	1,993,090	2,041,021
3,174,442	3,283,310	3,617,304	3,764,859
1,396,770	1,174,100	981,777	474,442
26,107,672	26,536,525	28,847,931	29,996,141
79,816,917	85,666,440	88,555,284	93,793,498
10,018,102	9,718,116	10,147,593	11,286,060
5,904,235	5,768,195	6,006,638	6,405,407
936,415	2,008,377	1,495,408	1,506,624
117,234	186,321	332,034	350,681
1,333,496	1,195,663	1,537,093	1,392,846
2,789,074	3,171,938	3,876,983	5,246,807
21,098,556	22,048,610	23,395,749	26,188,425
13,336,792	15,547,544	18,355,800	18,934,096
7,281,870	8,619,099	9,678,758	11,519,137
3,451,551	4,001,972	4,350,123	4,775,819
1,583,477	1,617,273	1,669,921	1,609,329
3,515,859	3,571,929	3,692,573	3,845,141
988,481	995,480	1,023,366	1,214,710
510,138	1,383,925	3,973,808	4,196,701
30,668,168	35,737,222	42,744,349	46,094,933
51,766,724	57,785,832	66,140,098	72,283,358
(32,610,689)	(37,081,305)	(36,311,604)	(37,608,932)
4,560,496	9,200,697	13,896,418	16,098,792
\$ (28,050,193)	\$ (27,880,608)	\$ (22,415,186)	\$ (21,510,140)
21,405,733	22,750,706	24,361,704	24,944,421
9,229,764	9,141,823	8,669,177	9,701,393
7,853,723	7,894,110	7,961,936	7,887,332
1,022,038	881,179	1,031,833	886,489
688,384	603,500	778,978	2,289,679
19,127	103,983	39,699	163,730
403,187	202,230	715,990	637,275
40,621,956	41,577,531	43,559,317	46,510,319
175,933	285,761	588,795	1,088,658
67,279	117,352	79,774	7,115
(403,187)	(202,230)	(715,990)	(637,275)
(159,975)	200,883	(47,421)	458,498
40,461,981	41,778,414	43,511,896	46,968,817
8,011,267	4,496,226	7,247,713	8,901,387
4,400,521	9,401,580	13,848,997	16,557,290
\$ 12,411,788	\$ 13,897,806	\$ 21,096,710	\$ 25,458,677

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

	Fiscal Year			
	2010	2011	2012	2013
<b>General Fund</b>				
Nonspendable	\$ 51,604	\$ 107,041	\$ 97,590	\$ 183,807
Restricted	4,345,683	5,439,904	5,367,461	5,721,516
Committed	-	497,768	75,000	75,000
Assigned	-	1,226,527	2,145,703	1,500,374
Unassigned	5,410,613	3,471,493	3,396,016	6,092,838
Total General Fund	9,807,900	10,742,733	11,081,770	13,573,535
<b>All Other Governmental Funds</b>				
Nonspendable	1,442,352	3,406,170	4,341,351	2,473,532
Restricted	9,746,056	12,115,156	12,920,892	15,120,346
Committed	-	109,753	-	-
Assigned	4,433,744	1,158,818	2,487,021	3,518,562
Total All Other Governmental Funds	15,622,152	16,789,897	19,749,264	21,112,440
<b>Total Governmental Funds</b>				
Nonspendable	1,493,956	3,513,211	4,438,941	2,657,339
Restricted	14,091,739	17,555,060	18,288,353	20,841,862
Committed	-	607,521	75,000	75,000
Assigned	4,433,744	2,385,345	4,632,724	5,018,936
Unassigned	5,410,613	3,471,493	3,396,016	6,092,838
Total Governmental Funds	\$ 25,430,052	\$ 27,532,630	\$ 30,831,034	\$ 34,685,975

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 146,343	\$ 70,707	\$ 57,122	\$ 51,517	\$ 42,132	\$ 36,328
5,554,462	6,057,938	6,484,410	7,292,911	8,333,431	8,673,237
75,000	-	-	-	-	-
1,893,107	3,125,711	3,562,553	2,844,275	3,559,271	4,836,744
10,073,358	12,747,875	11,474,137	12,829,323	13,449,103	13,948,108
17,742,270	22,002,231	21,578,222	23,018,026	25,383,937	27,494,417
-	-	-	1,000	-	-
13,522,006	14,340,319	13,653,867	10,416,729	10,615,357	42,158,789
-	-	5,380,123	-	-	-
2,380,417	6,546,914	11,071,273	12,327,020	13,678,638	17,592,552
15,902,423	20,887,233	30,105,263	22,744,749	24,293,995	59,751,341
146,343	70,707	57,122	52,517	42,132	36,328
19,076,468	20,398,257	20,138,277	17,709,640	18,948,788	50,832,026
75,000	-	5,380,123	-	-	-
4,273,524	9,672,625	14,633,826	15,171,295	17,237,909	22,429,296
10,073,358	12,747,875	11,474,137	12,829,323	13,449,103	13,948,108
\$ 33,644,693	\$ 42,889,464	\$ 51,683,485	\$ 45,762,775	\$ 49,677,932	\$ 87,245,758



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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Revenues</b>					
Taxes and Special Assessments	\$ 36,955,125	\$ 36,999,164	\$ 40,286,108	\$ 40,595,860	\$ 40,004,715
Licenses and Permits	1,080,748	1,213,994	1,093,859	1,147,855	1,437,173
Intergovernmental	4,670,355	5,221,007	4,642,518	3,886,244	3,685,664
Charges for Services	5,621,965	5,744,989	5,789,061	6,026,996	6,387,452
Fines and Forfeitures	618,992	1,073,523	1,343,329	1,358,345	1,587,870
Charges for Services - Other Funds	4,347,299	4,239,346	4,478,369	4,447,898	4,498,406
Impact Fees	-	-	-	-	-
Investment Earnings	209,311	259,815	340,125	274,439	420,619
Miscellaneous Revenue	2,755,608	1,892,299	2,256,723	1,889,659	1,557,414
<b>Total Revenues</b>	<b>56,259,403</b>	<b>56,644,137</b>	<b>60,230,092</b>	<b>59,627,296</b>	<b>59,579,313</b>
<b>Expenditures</b>					
General Government	10,843,565	11,562,870	10,348,586	11,093,324	11,609,569
Public Safety	19,729,088	20,098,983	20,371,289	20,332,951	19,951,315
Highways and Public Improvements	5,322,963	4,285,166	3,707,727	2,974,008	2,934,326
Parks, Recreation and Arts	7,785,452	7,510,159	7,730,925	7,558,171	7,016,106
Economic and Physical Development	667,883	630,073	1,588,116	707,403	707,759
Redevelopment	940,879	950,536	1,562,238	1,128,457	1,215,842
Debt Service:					
Principal Retirement	4,200,905	4,877,352	3,834,833	3,130,714	3,814,621
Interest and Fiscal Charges	2,197,450	1,983,792	3,821,259	6,233,296	6,706,815
Capital Lease Payments - Principal	37,200	34,028	31,132	98,213	108,318
Capital Lease Payments - Interest	2,259	1,718	1,989	12,099	10,218
Capital Outlay	3,606,664	4,712,497	4,435,299	1,963,153	7,180,569
<b>Total Expenditures</b>	<b>55,334,308</b>	<b>56,647,174</b>	<b>57,433,393</b>	<b>55,231,789</b>	<b>61,255,458</b>
<b>Excess of Revenues over</b>					
<b>    (under) Expenditures</b>	<b>925,095</b>	<b>(3,037)</b>	<b>2,796,699</b>	<b>4,395,507</b>	<b>(1,676,145)</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of Bonds & Other Debt	4,809,811	1,915,000	1,814,000	-	-
Payment to Bond Refunding Agent	(4,703,082)	-	(1,785,000)	-	-
Proceeds from Asset Disposals	221,820	25,000	45,598	48,275	107,760
Proceeds from Lease Relinquishments	-	-	-	-	-
Capital Leases	-	73,078	525,147	-	26,454
Transfers In	12,735,609	4,018,147	5,933,470	7,199,980	7,452,857
Transfers Out	(12,790,590)	(3,925,610)	(6,031,510)	(7,788,821)	(6,952,208)
<b>Total Other Financing Sources (Uses)</b>	<b>273,568</b>	<b>2,105,615</b>	<b>501,705</b>	<b>(540,566)</b>	<b>634,863</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,198,663</b>	<b>\$ 2,102,578</b>	<b>\$ 3,298,404</b>	<b>\$ 3,854,941</b>	<b>\$ (1,041,282)</b>
<b>Debt Service as a percentage</b>					
<b>    of Noncapital Expenditures</b>	<b>12.3%</b>	<b>13.0%</b>	<b>14.3%</b>	<b>17.4%</b>	<b>19.2%</b>



Fiscal Year				
2015	2016	2017	2018	2019
\$ 43,549,348	\$ 39,473,431	\$ 40,804,822	\$ 41,982,483	\$ 43,735,686
2,524,794	1,745,483	1,815,943	1,813,030	2,564,527
5,350,019	4,122,570	4,367,601	5,326,785	4,827,536
7,624,838	7,671,801	7,944,803	8,049,206	8,912,692
1,792,829	1,588,994	1,699,609	1,839,251	1,736,445
4,042,299	3,666,672	3,739,141	4,283,205	4,813,925
-	-	-	87,291	1,812,117
397,648	691,037	602,736	776,059	2,286,635
1,587,285	1,670,552	2,254,504	1,887,641	1,362,254
66,869,060	60,630,540	63,229,159	66,044,951	72,051,817
11,539,358	12,143,760	12,810,872	13,245,295	14,378,024
19,847,226	21,144,586	21,752,711	22,539,915	23,577,274
2,828,824	2,922,708	3,029,415	3,053,824	3,195,426
7,485,247	7,512,284	7,593,094	7,465,177	7,889,131
886,236	788,526	862,478	1,056,219	792,306
1,231,600	99,182	1,195,421	761,151	911,069
5,486,955	4,369,370	3,515,873	3,095,833	1,820,799
4,201,272	3,802,678	3,554,590	3,473,151	3,694,732
108,376	114,173	109,494	546,506	426,000
9,177	7,037	4,540	311,092	126,221
7,573,606	6,044,338	15,109,224	7,426,441	6,743,546
61,197,877	58,948,642	69,537,712	62,974,604	63,554,528
5,671,183	1,681,898	(6,308,553)	3,070,347	8,497,289
10,174,331	-	2,898,000	-	28,209,763
(9,792,760)	-	(2,861,199)	-	-
42,869	19,127	103,983	77,614	155,055
2,500,000	-	-	-	-
64,113	6,739,000	-	-	-
11,483,900	12,998,035	11,857,495	13,220,391	14,702,520
(10,898,865)	(12,644,039)	(11,610,436)	(12,453,195)	(13,996,801)
3,573,588	7,112,123	387,843	844,810	29,070,537
\$ 9,244,771	\$ 8,794,021	\$ (5,920,710)	\$ 3,915,157	\$ 37,567,826
18.0%	15.3%	12.9%	12.8%	10.5%

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

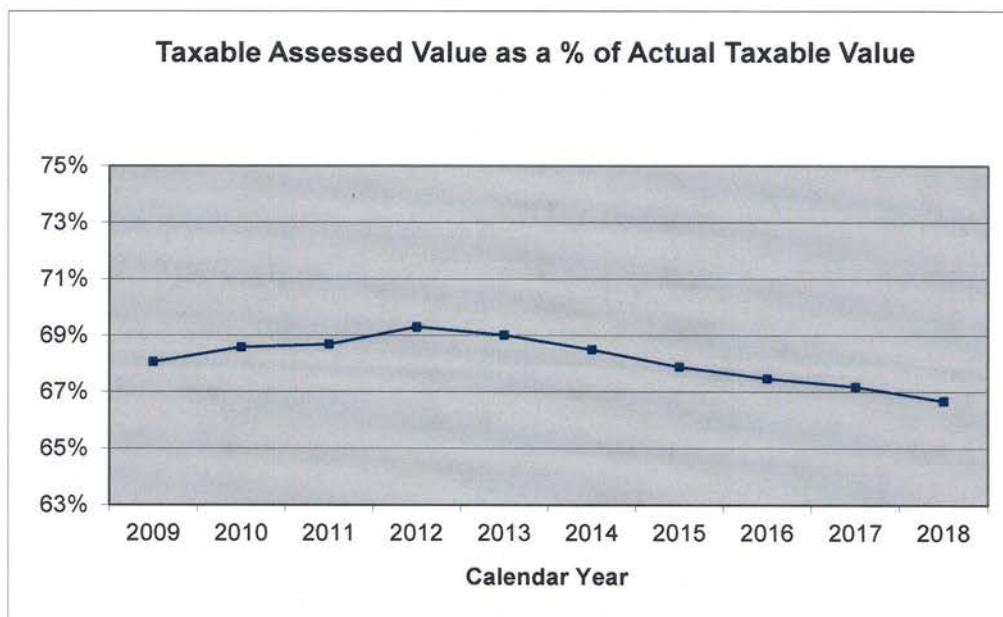
Calendar Year <sup>1</sup>	Taxable Assessed Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
2009	\$ 2,531,397,498	\$ 88,201,742	\$ 1,625,957,618	\$ 927,232	\$ 5,171,123
2010	2,442,893,252	69,047,883	1,665,301,399	477,597	3,173,671
2011	2,319,187,515	60,784,441	1,551,035,553	446,286	3,599,142
2012	2,284,573,816	4,073,304	1,451,256,784	544,039	136,586,644
2013	2,372,218,303	4,459,944	1,455,891,528	528,035	127,808,953
2014	2,625,764,385	7,388,684	1,540,311,362	486,609	147,878,177
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

**Source:** Utah State Tax Commission - Property Tax Division

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

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

Personal Property	Fee in Lieu Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 292,671,778	\$ 25,501,802	\$ 4,569,828,793	\$ 0.001676	\$ 6,713,137,262	68.07%
275,721,406	33,596,021	4,490,211,229	0.001739	6,545,435,794	68.60%
294,715,129	43,727,917	4,273,495,983	0.001879	6,220,745,765	68.70%
310,397,550	43,171,491	4,230,603,628	0.001921	6,103,133,090	69.32%
328,234,567	44,814,165	4,333,955,495	0.001871	6,278,510,424	69.03%
322,456,519	43,654,474	4,687,940,210	0.001716	6,842,338,176	68.51%
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%



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

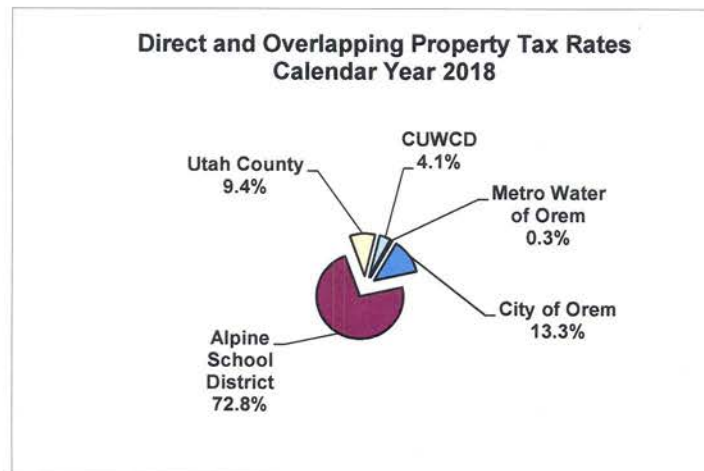
Calendar Year <sup>2</sup>	City of Orem Direct Rates			Overlapping Rates <sup>1</sup>				Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem	
2009	0.001166	0.000510	0.001676	0.007541	0.001203	0.000400	0.000035	0.010855
2010	0.001220	0.000519	0.001739	0.008220	0.001294	0.000421	0.000036	0.011710
2011	0.001325	0.000554	0.001879	0.008812	0.001342	0.000436	0.000039	0.012508
2012	0.001355	0.000566	0.001921	0.008828	0.001324	0.000455	0.000040	0.012568
2013	0.001324	0.000547	0.001871	0.008699	0.001259	0.000446	0.000039	0.012314
2014	0.001217	0.000499	0.001716	0.008096	0.001149	0.000422	0.000036	0.011419
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

Source: Utah State Tax Commission - Property Tax Division

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

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

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





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

Taxpayer	Calendar Year 2018			Calendar Year 2009		
	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value
University Place	\$ 194,215,700	1	3.13%	\$ 108,149,900	1	2.37%
Pacificorp	59,431,670	2	0.96%	40,191,235	2	0.88%
TCU Properties	57,562,000	3	0.93%	37,188,746	4	----
Woodtusk LLC	56,981,900	4	0.92%	----		----
Timpanogos Regional Hospital	40,355,200	5	0.65%	39,381,900	3	0.86%
Dominion Energy (Questar Gas)	38,858,671	6	0.63%	15,601,522	9	0.34%
Parkway Lofts LLC	38,292,500	7	0.62%	----		----
Midtown360 LLC	33,612,200	8	0.54%	----		----
University Crossing Shopping Ctr	26,135,100	9	0.42%	28,445,907	5	0.62%
Carillon Square LLC	23,140,000	10	0.37%	12,794,900	11	0.28%
Boyer Lake Point Shopping Ctr	20,891,100	11	0.34%	----		----
U.S. Synthetics Corporation	19,856,900	12	0.32%	----		----
CenturyLink (Qwest Corp.)	----		----	25,478,291	6	0.56%
Greater Growth Properties (GGP)	----		----	20,024,500	7	0.44%
Retail Trust III (Walmart)	----		----	17,540,838	8	0.38%
Dayton Hudson Corporation	----		----	15,084,300	10	0.33%
Pinnacle Apartments	----		----	12,694,880	12	0.28%
Total	<u>\$ 609,332,941</u>		<u>9.82%</u>	<u>\$ 372,576,919</u>		<u>8.15%</u>

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



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

Calendar Year <sup>1</sup>	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections by Tax Levy Year	Total Tax Collections
2009	\$ 6,953,441	\$ 6,216,940	89.41%	\$ 638,316	\$ 6,855,256
2010	7,075,315	6,381,759	90.20%	594,240	6,975,999
2011	7,301,643	6,644,493	91.00%	558,514	7,203,007
2012	7,370,522	6,788,600	92.10%	480,274	7,268,874
2013	7,374,914	6,815,131	92.41%	439,124	7,254,255
2014	7,387,198	6,793,773	91.97%	493,765	7,287,538
2015	7,529,322	6,935,505	92.11%	513,438	7,448,943
2016	7,586,065	7,059,043	93.05%	483,900	7,542,943
2017	7,204,690	6,754,817	93.76%	410,955	7,165,772
2018	7,252,003	6,740,722	92.95%	388,973	7,129,695

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

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
98.59%	\$ 98,185	1.41%
98.60%	99,316	1.40%
98.65%	98,636	1.35%
98.62%	101,648	1.38%
98.36%	120,659	1.64%
98.65%	99,660	1.35%
98.93%	80,379	1.07%
99.43%	43,122	0.57%
99.46%	38,918	0.54%
98.31%	122,308	1.69%

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

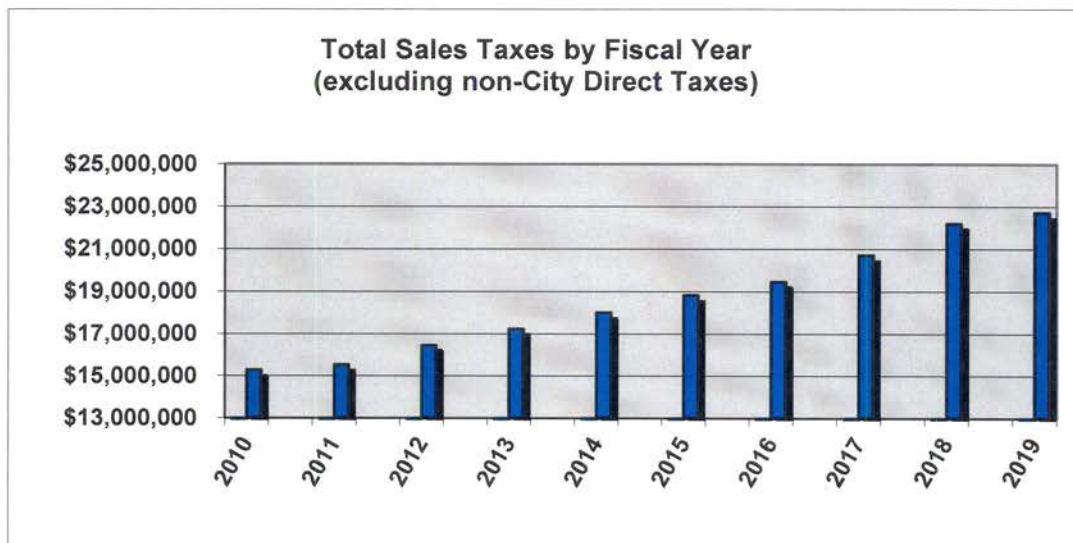
	Fiscal Year			
	2010	2011	2012	2013
General Merchandise and Groceries	\$ 4,660,428	\$ 4,712,411	\$ 4,959,192	\$ 5,030,506
Building Materials, Hardware, and Tools	1,512,797	1,499,525	1,589,790	1,576,835
Auto Dealers, Supplies, and Accessories	2,111,247	2,141,910	2,338,347	2,769,371
Home Furnishings, Appliances, & Electronics	1,452,814	1,428,452	1,560,747	1,614,843
Eating and Drinking Establishments	1,002,978	1,097,571	1,200,356	1,104,646
Clothing, Apparel, and Accessories	1,319,296	1,352,740	1,435,943	1,397,682
Professional Equipment and Supplies	906,171	933,040	1,031,773	1,207,903
Arts, Crafts, and Specialty Items	305,719	338,630	312,424	291,241
Amusement and Recreation	563,129	540,342	559,763	551,462
All Other Categories	1,442,919	1,494,365	1,465,414	1,688,683
Subtotal - City Direct	15,277,498	15,538,986	16,453,749	17,233,172
Cultural Arts & Recreation Enhancement (CARE)	1,501,679	1,557,238	1,652,524	1,711,475
Mass Transit - Additional	-	-	-	-
Total City Sales Taxes	<u>\$ 16,779,177</u>	<u>\$ 17,096,224</u>	<u>\$ 18,106,273</u>	<u>\$ 18,944,647</u>
Total City Sales Tax Rate <sup>1</sup>	1.10%	1.10%	1.10%	1.10%
% Increase (Decrease) from prior year	-6.73%	1.89%	5.91%	4.63%
% Increase (Decrease) from prior year, excluding non-City Direct Tax amounts	-6.93%	1.71%	5.89%	4.74%

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

<sup>1</sup> See sales tax rate breakdown on page 162 for additional information regarding this rate.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 5,140,689	\$ 5,277,987	\$ 5,333,279	\$ 5,637,951	\$ 5,934,245	\$ 6,105,107
1,661,997	1,801,399	1,952,417	2,299,711	2,585,913	3,028,016
2,874,555	2,899,382	2,979,991	3,151,370	3,410,522	3,694,537
1,685,399	1,786,258	1,822,364	1,964,207	2,101,318	2,082,860
1,168,448	1,245,543	1,314,508	1,499,483	1,749,330	1,809,424
1,464,384	1,528,112	1,573,936	1,552,018	1,582,714	1,299,340
1,378,551	1,429,657	1,526,283	1,554,830	1,596,802	1,602,008
322,670	359,128	382,199	377,497	387,574	358,450
578,775	650,710	656,716	674,845	683,181	726,998
1,732,104	1,852,879	1,921,222	2,002,205	2,166,357	2,027,098
18,007,572	18,831,055	19,462,915	20,714,117	22,197,956	22,733,837
1,811,395	1,888,230	1,934,153	2,028,528	2,163,259	2,208,004
-	8,272	8,665	8,062	489	2,580
<b>\$ 19,818,967</b>	<b>\$ 20,727,557</b>	<b>\$ 21,405,733</b>	<b>\$ 22,750,707</b>	<b>\$ 24,361,704</b>	<b>\$ 24,944,421</b>

1.10%	1.10%	1.10%	1.10%	1.10%	1.20%
4.62%	4.58%	3.27%	6.28%	7.08%	2.39%
4.49%	4.57%	3.36%	6.43%	7.16%	2.41%



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

<b>Fiscal Year 2019</b>				
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Sales Tax Revenue</b>	<b>Percentage of Total</b>
General Merchandise and Groceries	1,223	15.90%	\$ 6,456,217	25.88%
Building Materials, Hardware, and Tools	390	5.07%	\$ 3,139,981	12.59%
Auto Dealers, Supplies, and Accessories	479	6.23%	\$ 3,832,052	15.36%
Home Furnishings, Appliances, & Electronics	330	4.29%	\$ 2,177,599	8.73%
Eating and Drinking Establishments	324	4.21%	\$ 1,902,441	7.63%
Clothing, Apparel, and Accessories	554	7.20%	\$ 1,458,388	5.85%
Professional Equipment and Supplies	1,310	17.03%	\$ 1,978,095	7.93%
Arts, Crafts, and Specialty Items	390	5.07%	\$ 470,415	1.89%
Amusement and Recreation	480	6.24%	\$ 864,801	3.47%
All Other Categories	2,211	28.75%	\$ 2,664,432	10.68%
<b>Total</b>	<b>7,691</b>	<b>100.00%</b>	<b>\$ 24,944,421</b>	<b>100.00%</b>

<b>Fiscal Year 2010</b>				
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Sales Tax Revenue</b>	<b>Percentage of Total</b>
General Merchandise and Groceries	238	9.98%	\$ 4,810,281	28.67%
Building Materials, Hardware, and Tools	155	6.50%	\$ 1,610,390	9.60%
Auto Dealers, Supplies, and Accessories	227	9.52%	\$ 2,254,174	13.43%
Home Furnishings, Appliances, & Electronics	192	8.05%	\$ 1,573,704	9.38%
Eating and Drinking Establishments	178	7.46%	\$ 1,115,053	6.65%
Clothing, Apparel, and Accessories	162	6.79%	\$ 1,421,297	8.47%
Professional Equipment and Supplies	269	11.28%	\$ 1,075,543	6.41%
Arts, Crafts, and Specialty Items	247	10.36%	\$ 461,239	2.75%
Amusement and Recreation	112	4.70%	\$ 633,648	3.78%
All Other Categories	605	25.37%	\$ 1,823,848	10.87%
<b>Total</b>	<b>2,385</b>	<b>100.00%</b>	<b>\$ 16,779,177</b>	<b>100.00%</b>

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



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

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	Sales Taxes <sup>1</sup>	Rank	Percentage of Total Sales Taxes <sup>1</sup>	Sales Taxes <sup>1</sup>	Rank	Percentage of Total Sales Taxes <sup>1</sup>
Costco Wholesale Corporation	N/A	1	N/A	N/A	1	N/A
Wal-Mart Supercenter	N/A	2	N/A	N/A	2	N/A
Brent Brown Toyota	N/A	3	N/A	N/A	6	N/A
Target	N/A	4	N/A	N/A	3	N/A
RC Willey Home Furnishings	N/A	5	N/A	N/A	4	N/A
Winco Foods	N/A	6	N/A	----		----
Pacificorp (Utah Power & Light)	N/A	7	N/A	N/A	5	N/A
Ken Garff Honda of Orem	N/A	8	N/A	N/A	12	N/A
Mountainland Supply Company	N/A	9	N/A	----		----
USTC Motor Vehicles	N/A	10	N/A	----		----
Smith's Food & Drug	N/A	11	N/A	----		----
Best Buy Stores LP	N/A	12	N/A	N/A	7	N/A
Ken Garff Nissan of Orem	----		----	N/A	8	N/A
Macey's, Inc.	----		----	N/A	9	N/A
Lowes Home Centers LLC	----		----	N/A	10	N/A
U.S. Synthetic Corporation	----		----	N/A	11	N/A
Total	<u>\$ 6,620,084</u>		<u>29.12%</u>	<u>\$ 5,346,007</u>		<u>32.05%</u>

Source: Utah State Tax Commission.

<sup>1</sup> Due to confidentiality issues, the amounts and percentages of the ten largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's sales tax base originates.

City of Orem  
Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years  
(Unaudited)

City Direct Sales Tax Rates				
Fiscal Year	City Direct Rate	City Cultural Arts & Rec Rate <sup>1</sup>	City Transportation Infrastructure Rate <sup>2</sup>	Total City Direct Rate
2010	1.00%	0.10%	0.00%	1.10%
2011	1.00	0.10	0.00	1.10
2012	1.00	0.10	0.00	1.10
2013	1.00	0.10	0.00	1.10
2014	1.00	0.10	0.00	1.10
2015	1.00	0.10	0.00	1.10
2016	1.00	0.10	0.00	1.10
2017	1.00	0.10	0.00	1.10
2018	1.00	0.10	0.00	1.10
2019	1.00	0.10	0.10	1.20

Overlapping Sales Tax Rates							
Fiscal Year	County Direct Rate	County Transportation Infrastructure Rate <sup>2</sup>	County Mass Transit Rate	County Airport, Highway, & Public Transit Rate	State Direct Rate <sup>3</sup>	State Mass Transit Rate	Total Sales Tax Rate <sup>4</sup>
2010	0.25%	0.00%	0.30%	0.25%	4.70%	0.25%	6.85%
2011	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2012	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2013	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2014	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2015	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2016	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2017	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2018	0.25	0.00	0.30	0.25	4.70	0.25	6.85
2019	0.25	0.15	0.30	0.25	4.85	0.25	7.25

Source: Utah State Tax Commission

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

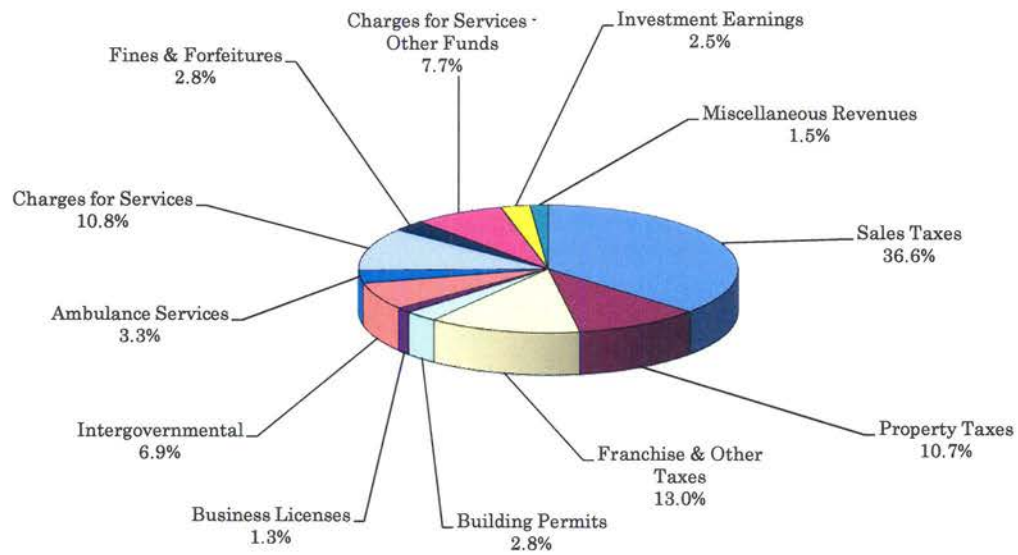
<sup>2</sup> This new sales tax rate was approved by Utah County. The new tax went into effect on April 1, 2019. The City directly receives a share of the new tax but does not begin to receive these funds until July 1, 2019, due to an agreement with Utah County. The additional tax is to be used to fund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

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

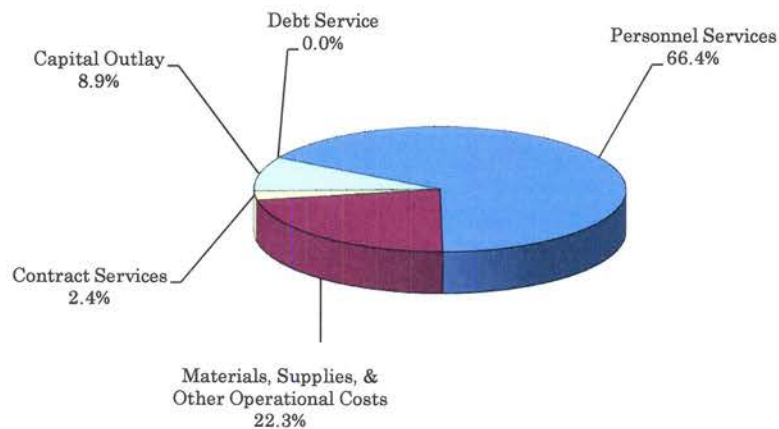
<sup>4</sup> The total sales tax rate for non-prepared food and food ingredients was set at 3.00% statewide (1.00% City Direct Rate, 0.25% County Direct Rate, and 1.75% State Direct Rate) and went into effect on January 1, 2008.

City of Orem  
General Fund - Revenues and Expenditures  
For The Year Ended June 30, 2019  
(Unaudited)

**GENERAL FUND - REVENUES**



**GENERAL FUND - EXPENDITURES**



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

Governmental Activities							
Fiscal Year	General Obligation Bonds	G.O. Bonds Issuance Premiums	Special Assessment Bonds	Sales Tax Revenue Bonds	Franchise Tax Revenue Bonds	Lease Revenue Bonds	Revenue Bonds Issuance Premiums
2010	\$ 17,665,000	\$ 349,032	\$ 5,806,000	\$ 8,790,000	\$ 4,375,000	\$ 380,000	\$ 558,906
2011	16,460,000	318,566	7,229,000	8,115,000	3,875,000	-	493,615
2012	15,210,000	288,101	5,925,000	7,434,000	3,375,000	-	428,323
2013	13,900,000	257,636	5,444,000	6,688,000	2,850,000	-	363,031
2014	12,550,000	227,170	4,446,000	5,848,000	2,300,000	-	297,740
2015	11,830,000	695,160	1,155,000	4,995,000	1,750,000	-	232,449
2016	10,200,000	611,762	165,000	3,930,000	1,150,000	-	167,158
2017	8,535,000	528,364	155,000	2,898,000	525,000	-	101,867
2018	7,310,000	452,969	140,000	1,667,000	-	-	52,426
2019	30,560,000	4,050,044	130,000	1,208,000	-	-	41,487

Business-type Activities					
Fiscal Year	Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Revenue Bonds Issuance Premiums	Capital Leases	Total Business-type Activities
2010	\$ 3,019,757	\$ 23,043,000	\$ 643,817	\$ -	\$ 26,706,574
2011	10,312,757	22,190,000	602,009	-	33,104,766
2012	12,578,757	21,300,000	560,200	-	34,438,957
2013	11,762,757	20,383,000	518,391	-	32,664,148
2014	10,938,757	21,535,000	476,585	-	32,950,342
2015	10,107,000	20,307,000	434,776	-	30,848,776
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

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

		Total
Notes	Capital	Governmental
Payable	Leases	Activities
\$ 2,964,498	\$ 43,447	\$ 40,931,883
1,339,146	82,497	37,912,824
1,268,313	576,512	34,505,249
1,199,599	478,299	31,180,565
1,122,977	396,436	27,188,323
1,045,022	352,173	22,054,804
960,652	6,977,000	24,161,572
869,779	6,893,313	20,506,323
769,946	6,345,670	16,738,011
668,147	5,974,929	42,632,607

Total Primary Government		
Total	Percentage	Direct
Primary	of	City Debt
Government	Personal	Per
	Income	Capita
\$ 67,638,457	4.55%	\$766
71,017,590	4.75	801
68,944,206	4.42	772
63,844,713	3.67	713
60,138,665	3.47	667
52,903,580	2.84	565
53,107,537	2.65	554
47,459,120	2.19	487
41,715,900	1.85	426
65,534,585	2.69	666



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

Fiscal Year	Population <sup>1</sup>	Taxable Assessed Value	Gross Bonded Debt	Debt Service Monies Available <sup>2</sup>	Net Bonded Debt	Ratio of Net Bonded Debt To Taxable Assessed Value	Net Bonded Debt Per Capita
2010	88,256	\$ 4,569,828,793	\$ 18,014,032	\$ 2,475,955	\$ 15,538,077	0.34%	\$176
2011	88,697	4,490,211,229	16,778,566	49,299	16,729,267	0.37	189
2012	89,279	4,273,495,983	15,498,101	1,282,169	14,215,932	0.33	159
2013	89,584	4,230,603,628	14,157,636	1,654,406	12,503,230	0.30	140
2014	90,154	4,333,955,495	12,777,170	399,982	12,377,188	0.29	137
2015	93,601	4,687,940,210	12,525,160	1,557,040	10,968,120	0.23	117
2016	95,788	4,934,464,071	10,811,762	861,873	9,949,889	0.20	104
2017	97,499	5,294,517,047	9,063,364	1,098,713	7,964,651	0.15	82
2018	97,839	5,734,268,035	7,762,969	916,971	6,845,998	0.12	70
2019	98,328	6,205,952,033	34,648,410	3,789,092	30,859,318	0.49	314

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

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

City of Orem  
Direct and Overlapping Governmental Activities Debt  
June 30, 2019  
(Unaudited)

Jurisdiction	Total Governmental Activities Debt Outstanding	Percentage Applicable to the Citizens of the City of Orem <sup>1</sup>	Amount Applicable to the Citizens of the City of Orem
<b>Direct Debt:</b>			
City of Orem	\$ 42,670,973	100.0000%	\$ 42,670,973
<b>Overlapping Debt:</b>			
Alpine School District	542,300,000	21.6159%	117,222,941
Utah County	-	14.4018%	-
Central Utah Water Conservancy District	203,128,826	4.1194%	8,367,739
Total Overlapping Debt	745,428,826		125,590,680
<b>Total Direct and Overlapping Debt</b>	<u>\$ 788,099,799</u>		<u>\$ 168,261,653</u>
<b>Total Direct and Overlapping Debt Per Capita</b>			<u>\$ 1,711</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.

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

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

	Fiscal Year			
	2010	2011	2012	2013
<b><u>General Purposes (4%)</u></b>				
Debt Limit	\$ 268,525,490	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324
Total Net Debt Applicable to Limit	(15,189,045)	(16,410,701)	(13,927,831)	(12,418,290)
Legal Debt Margin	<u>\$ 253,336,445</u>	<u>\$ 245,406,731</u>	<u>\$ 234,902,000</u>	<u>\$ 231,707,034</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	5.66%	6.27%	5.60%	5.09%
<b><u>Water, Sewer, &amp; Lighting (4%)</u></b>				
Debt Limit	\$ 268,525,490	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 268,525,490</u>	<u>\$ 261,817,432</u>	<u>\$ 248,829,831</u>	<u>\$ 244,125,324</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%
<b><u>Total (8%)</u></b>				
Debt Limit	\$ 537,050,980	\$ 523,634,864	\$ 497,659,662	\$ 488,250,648
Total Net Debt Applicable to Limit	(15,189,045)	(16,410,701)	(13,927,831)	(12,418,290)
Legal Debt Margin	<u>\$ 521,861,935</u>	<u>\$ 507,224,163</u>	<u>\$ 483,731,831</u>	<u>\$ 475,832,358</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	2.83%	3.13%	2.80%	2.54%

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

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 251,140,417	\$ 273,693,527	\$ 290,709,109	\$ 313,847,899	\$ 341,392,514	\$ 372,228,481
(15,781,433)	(8,722,156)	(7,964,651)	(7,964,651)	(6,845,998)	(30,859,318)
<u>\$ 235,358,984</u>	<u>\$ 264,971,371</u>	<u>\$ 282,744,458</u>	<u>\$ 305,883,248</u>	<u>\$ 334,546,516</u>	<u>\$ 341,369,163</u>
6.28%	3.19%	2.74%	2.54%	2.01%	8.29%
\$ 251,140,417	\$ 273,693,527	\$ 290,709,109	\$ 313,847,899	\$ 341,392,514	\$ 372,228,481
-	-	-	-	-	-
<u>\$ 251,140,417</u>	<u>\$ 273,693,527</u>	<u>\$ 290,709,109</u>	<u>\$ 313,847,899</u>	<u>\$ 341,392,514</u>	<u>\$ 372,228,481</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 502,280,834	\$ 547,387,054	\$ 581,418,218	\$ 627,695,798	\$ 682,785,028	\$ 744,456,962
(15,781,433)	(8,722,156)	(7,964,651)	(7,964,651)	(6,845,998)	(30,859,318)
<u>\$ 486,499,401</u>	<u>\$ 538,664,898</u>	<u>\$ 573,453,567</u>	<u>\$ 619,731,147</u>	<u>\$ 675,939,030</u>	<u>\$ 713,597,644</u>
3.14%	1.59%	1.37%	1.27%	1.00%	4.15%

#### Legal Debt Margin Calculation for Fiscal Year 2019

##### Assessed Valuations:

Taxable Value	<u>\$ 6,205,952,033</u>
Estimated Market Value	<u>\$ 9,305,712,029</u>

##### Legal Debt Margin:

Debt Limitation - 8% of Estimated Market Value <sup>1</sup>	\$ 744,456,962
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (34,648,410)
Less:	
Assets in Debt Service Funds Available for payment of Principal <sup>2</sup>	<u>3,789,092</u>
Total Debt Applicable to Limitation	<u>(30,859,318)</u>
<b>Legal Debt Margin</b>	<u><b>\$ 713,597,644</b></u>

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

Fiscal Year	Sales Tax Revenue Bonds				Special Assessment Bonds			
	Sales Taxes	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2010	\$ 16,779,178	\$ 615,000	\$ 424,457	16.14	\$ 470,980	\$ 532,000	\$ 256,697	0.60
2011	17,096,224	675,000	396,907	15.95	746,111	492,000	290,109	0.95
2012	18,106,273	710,000	367,619	16.80	2,810,547	1,304,000	372,537	1.68
2013	18,944,647	746,000	268,182	18.68	1,418,179	481,000	316,172	1.78
2014	19,818,967	840,000	256,669	18.07	259,058	998,000	280,147	0.20
2015	20,727,557	853,000	243,444	18.90	3,618,683	3,291,000	206,004	1.03
2016	21,405,733	1,065,000	216,274	16.71	-	990,000	83,600	0.00
2017	22,750,706	1,125,000	106,824	18.47	38,820	10,000	12,788	1.70
2018	24,361,704	1,231,000	64,342	18.81	-	15,000	12,013	0.00
2019	24,944,422	459,000	32,340	50.77	231,416	10,000	10,850	11.10

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

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



Water & Storm Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 11,072,855	\$ 8,743,966	\$ 2,328,889	\$ 816,000	\$ 956,696	1.31
2011	11,745,056	8,586,094	3,158,962	853,000	988,788	1.72
2012	12,544,643	8,851,011	3,693,632	890,000	972,772	1.98
2013	12,864,859	9,256,350	3,608,509	917,000	940,512	1.94
2014	13,927,292	9,814,494	4,112,798	944,000	792,256	2.37
2015	14,141,179	9,588,439	4,552,740	1,228,000	619,984	2.46
2016	14,847,401	9,468,250	5,379,151	1,267,000	578,638	2.91
2017	17,169,942	10,000,616	7,169,326	1,326,000	412,011	4.13
2018	20,133,406	10,509,666	9,623,740	1,279,000	424,593	5.65
2019	21,342,117	11,212,585	10,129,532	1,380,000	396,703	5.70

Water Quality Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	\$ 5,773,255	\$ 4,964,995	\$ 808,260	\$ 194,000	\$ 52,702	3.28
2011	5,857,655	4,905,989	951,666	200,000	45,912	3.87
2012	6,201,588	4,872,165	1,329,423	207,000	35,893	5.47
2013	6,380,841	5,014,836	1,366,005	816,000	24,142	1.63
2014	6,449,844	5,016,383	1,433,461	824,000	16,372	1.71
2015	6,444,975	4,700,320	1,744,655	831,757	8,321	2.08
2016	6,437,198	5,086,210	1,350,988	594,000	-	2.27
2017	7,858,574	5,019,509	2,839,065	594,000	-	4.78
2018	8,946,217	5,196,452	3,749,765	594,000	-	6.31
2019	10,742,759	5,443,185	5,299,574	594,000	-	8.92

City of Orem  
Long-term Bonded Indebtedness Paid By Primary Government  
Schedule of Bonded Indebtedness  
June 30, 2019  
(Unaudited)

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Term of Bonds</u>	<u>Annual Terms of Serial Bonds</u>
<b>Governmental Activities:</b>				
General Obligation Bonds:				
Series 2009 Road Bonds - Refunding	2.75% - 5.00%	03/24/09	2009-2018	Various
Series 2014 Road Bonds - Refunding	0.25% - 3.00%	11/05/14	2014-2024	Various
Series 2019 Bonds	3.625% - 5.00%	02/26/19	2019-2048	Various
Total General Obligation Bonds				
Special Assessment Bonds:				
Northgate - Special Improvement District Bonds - Series 2010	7.75%	11/02/10	2010-2025	Various
Total Special Assessment Bonds				
Revenue Bonds:				
Sales Tax Revenue Refunding Bonds - Series 2017	1.94%	02/23/17	2017-2023	Various
Total Revenue Bonds				
Total Governmental Activities				
<b>Business-type Activities:</b>				
Revenue Bonds:				
2005B Water and Storm Sewer Revenue Bonds	1.48%	03/17/05	2005-2025	Various
Water Quality Revenue Bonds	0.00%	02/16/10	2010-2032	Various
2013 Water and Storm Sewer Revenue Refunding Bonds	2.18%	07/02/13	2013-2025	Various
2016 Water and Storm Sewer Revenue Refunding Bonds	2.00% - 4.50%	10/25/16	2016-2028	Various
Total Revenue Bonds				
Total Business-type Activities				
Total Primary Government Long-term Bonded Indebtedness				

Principal			Interest	
Original Amount	Balance 06/30/19	Retired Year Ended 06/30/19	Expense Year Ended 06/30/19	Payable In Future Years
\$ 2,865,000	\$ -	\$ 340,000	\$ 8,500	\$ -
\$ 9,645,000	6,060,000	910,000	184,925	512,463
\$ 24,500,000	24,500,000	-	-	24,310,636
	<u>30,560,000</u>	<u>1,250,000</u>	<u>193,425</u>	<u>24,823,099</u>
\$ 1,915,000	<u>130,000</u>	<u>10,000</u>	<u>10,850</u>	<u>10,075</u>
	<u>130,000</u>	<u>10,000</u>	<u>10,850</u>	<u>10,075</u>
\$ 2,898,000	<u>1,208,000</u>	<u>459,000</u>	<u>32,340</u>	<u>54,572</u>
	<u>1,208,000</u>	<u>459,000</u>	<u>32,340</u>	<u>54,572</u>
	<u>31,898,000</u>	<u>1,719,000</u>	<u>236,615</u>	<u>24,887,746</u>
\$ 3,000,000	1,151,000	155,000	19,329	69,146
\$ 11,889,000	8,325,000	594,000	-	-
\$ 12,801,000	8,829,000	1,225,000	205,824	688,913
\$ 4,380,000	<u>4,380,000</u>	<u>-</u>	<u>171,550</u>	<u>1,321,925</u>
	<u>22,685,000</u>	<u>1,974,000</u>	<u>396,703</u>	<u>2,079,984</u>
	<u>22,685,000</u>	<u>1,974,000</u>	<u>396,703</u>	<u>2,079,984</u>
	<u>\$ 54,583,000</u>	<u>\$ 3,693,000</u>	<u>\$ 633,318</u>	<u>\$ 26,967,730</u>

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

	Fiscal Year		
	2017	2018	2019
<b>Governmental Activities:</b>			
Compensated Absences	\$ 1,972,014	\$ 2,076,015	\$ 2,081,476
Net Pension Liabilities	11,887,107	7,461,221	15,276,459
Claims and Judgments	1,410,228	1,320,075	1,379,031
Other Post-employment Benefits (OPEB)	431,801	166,530	156,530
Total Governmental Activities	15,701,150	11,023,841	18,893,496
<b>Business-type Activities:</b>			
Compensated Absences	304,891	339,040	329,245
Net Pension Liabilities	2,468,003	1,549,102	2,827,423
Total Business-type Activities	2,772,894	1,888,142	3,156,668
<b>Primary Government:</b>			
Compensated Absences	2,276,905	2,415,055	2,410,721
Net Pension Liabilities	14,355,110	9,010,323	18,103,882
Claims and Judgments	1,410,228	1,320,075	1,379,031
Other Post-employment Benefits (OPEB)	431,801	166,530	156,530
Total Primary Government	\$ 18,474,044	\$ 12,911,983	\$ 22,050,164

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

Fiscal Year	Population <sup>1</sup>	Households <sup>2</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Per Household Personal Income
2010	88,256	25,517	\$ 1,487,996,160	\$ 16,860	\$ 58,314
2011	88,697	26,970	1,495,165,329	16,857	55,438
2012	89,279	27,533	1,559,347,014	17,466	56,636
2013	89,584	27,515	1,738,556,688	19,407	63,186
2014	90,154	27,486	1,734,833,422	19,243	63,117
2015	93,601	28,520	1,863,502,309	19,909	65,340
2016	95,788	29,534	2,005,130,204	20,933	67,892
2017	97,499	29,594	2,170,912,734	22,266	73,357
2018	97,839	30,009	2,256,754,374	23,066	75,203
2019	98,328	30,705	2,437,747,776	24,792	79,393

Fiscal Year	Median Age	City Unemployment Rate	K-12 Student Population <sup>3</sup>	UVU FTE Student Population <sup>4</sup>
2010	26.7	8.00%	16,112	19,670
2011	26.2	8.50	16,304	21,825
2012	26.3	6.40	16,359	22,448
2013	26.3	5.30	16,437	21,617
2014	26.4	3.90	16,275	20,697
2015	26.5	3.50	15,757	21,335
2016	26.5	3.90	15,787	22,591
2017	26.6	3.70	15,668	23,706
2018	26.6	3.30	15,644	25,037
2019	26.6	3.10	15,608	26,574

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

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

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

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



City of Orem  
Other Demographic Statistics  
(Unaudited)

Census Population Count

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

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

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

<sup>1</sup> Source: 2010 Census

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

Taxpayer	Fiscal Year 2019			Fiscal Year 2010		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	2,969	1	7.39%	1,528	1	3.17%
Alpine School District	1,540	2	3.83%	1,234	2	2.56%
U.S. Synthetic Corporation	940	3	2.34%	430	8	0.89%
City of Orem	538	4	1.34%	532	5	1.10%
Timpanogos Regional Hospital	498	5	1.24%	600	4	1.24%
Clearlink Technologies, LLC	443	6	1.10%	----		----
Wayfair	442	7	1.10%	----		----
Wal-Mart	375	8	0.93%	435	7	0.90%
United Parcel Service, Inc.	356	9	0.89%	----		----
Mity-Lite, Inc.	355	10	0.88%	----		----
Convergys Corporation	----		----	647	3	1.34%
Omniure, Inc.	----		----	500	6	1.04%
StoresOnline, Inc.	----		----	335	9	0.69%
Target	----		----	317	10	0.66%
Total	<u>8,456</u>		<u>21.06%</u>	<u>6,558</u>		<u>13.60%</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			
	2010	2011	2012	2013
General Government	107	115	110	102
Public Safety:				
Police Protection	141	140	136	131
Fire Protection	69	70	70	65
Highways and Public Improvements	2	1	0	0
Parks and Recreation:				
Parks and Recreation	35	36	36	29
Library	51	50	43	45
Cemetery	5	5	5	5
Economic and Physical Development	2	2	3	4
Water	28	26	27	26
Water Reclamation	28	30	30	29
Storm Water	11	10	10	10
Recreation	50	56	49	53
Street Lighting	3	3	2	2
Total	532	544	521	501

**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					
2014	2015	2016	2017	2018	2019
107	105	113	122	124	129
130	133	135	137	134	134
68	68	67	68	67	68
0	0	0	0	0	0
35	36	32	33	33	32
45	46	44	46	46	44
5	5	5	5	4	5
4	3	3	3	3	2
27	26	26	24	29	30
30	30	27	30	30	29
11	11	11	11	12	12
53	54	54	54	54	50
2	2	2	2	2	3
517	519	519	535	538	538

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Government:					
Building Permits Issued	837	945	899	817	1,064
Public Safety:					
Police Protection:					
Physical Arrests	5,538	5,439	6,016	4,338	3,335
Traffic Citations	9,762	15,009	10,042	16,042	18,116
Fire Protection:					
Emergency Responses	5,230	6,556	7,628	9,058	8,105
Ambulance Transports	2,514	2,500	2,320	2,434	2,461
Other Public Safety Services:					
Emergency Dispatch Calls	41,253	39,443	39,405	37,867	24,906
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	5,047	5,903	5,965	5,287	4,725
Concrete Used - Sidewalks (Yards)	1,164	1,134	1,020	796	821
Parks and Recreation:					
Recreation Programs Participants	17,331	16,790	16,700	12,276	12,984
Library - Volumes in Collection (approx.)	297,376	313,001	320,703	326,253	329,204
Cemetery - Interments	267	297	294	252	322
Economic and Physical Development:					
Public Service Organizations Assisted	16	14	16	16	16
Housing Rehab/RLF Loans/Grants Added	9	14	11	6	6
Major Project Improvements Completed	0	1	1	1	0
Water:					
Number of Consumers	21,626	21,807	21,965	22,107	22,176
Average Daily Consumption (MGD)	23.3	24.2	26.7	26.9	24.7
Water Reclamation:					
Number of Service Connections	20,678	20,678	21,088	21,226	23,232
Average Daily Treated (MGD)	8.2	8.2	8.2	7.9	7.9
Storm Water:					
Number of Sumps Added	17	0	8	4	3
New Infrastructure (Feet)	13,727	0	40,656	29,040	0
Recreation:					
Fitness Center Admissions	367,941	378,543	384,895	369,068	353,657
Fitness Center Class Participants	4,466	4,231	3,926	4,236	5,051
Scera Park Pool Admissions	48,045	46,999	43,183	39,545	39,286
Scera Park Pool Class Participants	1,848	1,768	1,661	3,180	2,912
Solid Waste:					
Annual Waste Tonnage	25,631	25,436	24,832	26,527	28,503
Avg Annual Waste per Household (Tons)	1.37	1.44	1.25	1.39	1.36
Street Lighting:					
Number of Street Lights Added	67	93	88	1	29

Source: Various city departments



Fiscal Year				
2015	2016	2017	2018	2019
1,301	1,429	1,518	1,473	1,190
3,621	3,842	4,145	4,277	3,539
12,487	12,064	12,022	15,616	12,174
9,448	10,442	10,471	6,726	6,680
2,709	2,963	2,949	3,099	2,972
27,251	28,023	27,024	27,768	30,396
4,332	4,060	3,633	3,771	3,077
805	750	575	818	551
12,486	12,702	13,974	12,915	12,559
366,500	374,190	368,754	390,030	407,744
323	333	344	352	323
16	22	16	16	17
4	2	5	2	2
2	0	0	2	0
22,492	22,771	22,949	23,103	23,517
24.7	24.5	25.1	25.0	23.1
23,670	24,723	24,422	24,647	24,970
7.9	8.2	8.6	8.6	8.5
0	1	2	31	(7)
250	450	0	3,168	3,167
304,020	326,726	361,575	370,350	345,929
3,188	2,596	2,822	3,573	3,421
47,785	42,434	40,517	51,051	40,444
2,786	1,360	1,481	1,559	1,255
27,636	29,008	28,986	28,942	27,409
1.38	1.46	1.45	1.44	1.35
13	36	409	10	412

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General Government:					
Vehicles	169	171	170	165	172
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	111	115	113	122	107
Fire Protection:					
Stations	4	4	4	4	4
Vehicles	27	29	29	30	28
Highways and Public Improvements:					
Streets (miles)	241	241	241	241	242
Traffic Signals	32	34	34	34	34
Parks and Recreation:					
Parks	22	22	22	22	25
Parks Acreage	333	333	350	350	363
Playgrounds	18	18	18	18	18
Walking/Jogging Trails (miles)	35.5	35.5	40.0	40.0	40.0
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	351	351	351	374	374
Water Service Lines (miles)	101	101	101	103	103
Wells	8	8	9	9	9
Storage Capacity (thousands of gallons)	22,440	22,440	22,440	22,440	22,440
Water Reclamation:					
Sewer Lines (miles)	280	280	281	286	288
Treatment Capacity (MGD)	12.3	12.3	13.5	13.5	13.5
Storm Water:					
Storm Water Lines (miles)	70.8	70.8	78.5	84.0	84.0
Sumps	1,732	1,732	1,783	1,755	1,759
Recreation:					
Fitness Centers	1	1	1	1	1
Pools	2	2	2	2	2
Baseball / Softball Diamonds	18	18	18	18	18
Soccer / Football Fields	18	18	18	18	18
Street Lighting:					
Street Lights	4,993	5,086	5,174	5,175	5,204

Source: Various city departments

Fiscal Year				
2015	2016	2017	2018	2019
169	168	168	159	167
1	1	1	1	1
127	125	127	122	121
4	4	4	4	4
29	28	29	29	30
242	243	243	243	244
34	34	36	36	36
26	26	27	27	29
385	385	388	388	392
19	19	20	20	20
40.8	40.8	40.8	40.8	40.8
1	1	1	1	1
1	1	1	1	1
374	382	382	384	388
103	103	103	103	104
9	9	9	9	9
22,490	21,990	21,950	21,950	21,950
291	294	331	336	343
13.5	13.5	13.5	13.5	13.5
87.1	88.5	88.5	90.1	90.7
1,759	1,746	1,748	1,779	1,772
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
21	21	21	21	21
5,217	5,253	5,662	5,672	6,084

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