

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



CITY OF OREM

CAFR <sup>FY</sup> 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

# CITY OF OREM

STATE OF UTAH

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

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, 2020**

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# INTRODUCTORY SECTION



December 8, 2020

**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-third 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, 2020, in sound financial condition. The following is an overview of the City's financial condition.

#### Operating Revenues

Sales Tax revenues grew 4.4% in Fiscal Year 2020. 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 have suffered due to the reconstruction of the fitness center and to the COVID-19 pandemic and thus, the fund received a \$750,000 subsidy from the General Fund. However, this subsidy was anticipated and was better than budgeted by \$237,000. These two impacts on the fitness center will continue to affect Recreation Fund revenues for a portion of the next fiscal year as well.

The City was awarded \$6,978,967 in federal CARES Act CRF funding from Utah County. As of June 30, 2020, the City had received \$4,011,796 of the total awarded amount. The City is actively using these funds to improve city operations and facilities to provide a safer environment for individuals, customers, and citizens visiting city facilities during this pandemic and potential future events, while also providing employees with the tools necessary to continue to do their jobs in an effective, efficient, and safe manner.

## 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:

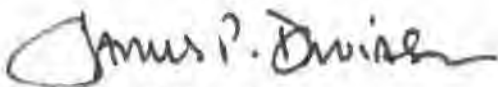
- Completion of the storm water system (especially in relation to the West Union Canal abandonment).
- Installation of automated water meter reading infrastructure throughout the remainder of the city.
- Construction of a new 10-million gallon water storage tank.
- Continued preventative road and sidewalk maintenance.
- Improving transportation in the city through street improvements, mixed-use trails, bike paths, and mass transit.
- Identifying and addressing public safety staffing and operational concerns.

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

The preparation of this 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





December 8, 2020

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, 2020, 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, 2020, 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, 2020, 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, 2020, of 99,969. 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 underground parking as well as a new above ground parking structure. Three large upscale apartment complexes have been completed. 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 5,523 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 is doing relatively well despite the COVID-19 pandemic, especially in Utah County. The county unemployment rate at June 30, 2020, was 4.5% compared to 5.7% for the state and 11.1% nationally (see page 32 for a historical comparison).

Sales tax revenues, the City's largest source of tax revenue, continue to grow despite the recent COVID-19 pandemic. They have increased from FY 2011 by 53% (see pages 160-161) and have increased every year since FY 2010. The housing industry continues to be strong as building permit and associated development revenues have increased year over year, on average, since FY 2011. Although the City expects these major revenue sources to continue to grow, the pace at which they grow is expected to decrease to a more sustainable rate.

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

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

All three major enterprise funds will be completing master plan updates in order to reassess the cash funding option currently being employed by the City as was selected and approved by the Mayor and City Council. Various funding options are expected to be proposed which may include debt issuance for large utility projects.

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

The Mayor and City Council have targeted a 15% of revenues General Fund assigned/unassigned fund balance (the State of Utah requires municipalities have at least 5% but no more than 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.
- Identifying operational and facility needs related to CARES Act CRF funds to provide a safer environment for individuals, customers, citizens, and employees.
- Continued construction a new community library hall and reconstructing 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 operational concerns.
- Completion of new automated water meter reading technology throughout the entire city.
- Completion of a new 10-million gallon 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, 2019. This was the thirty-second 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 blue ink that reads "Brandon C. Nelson, CPA". The signature is written in a cursive style.

Brandon C. Nelson, CPA  
Finance Director

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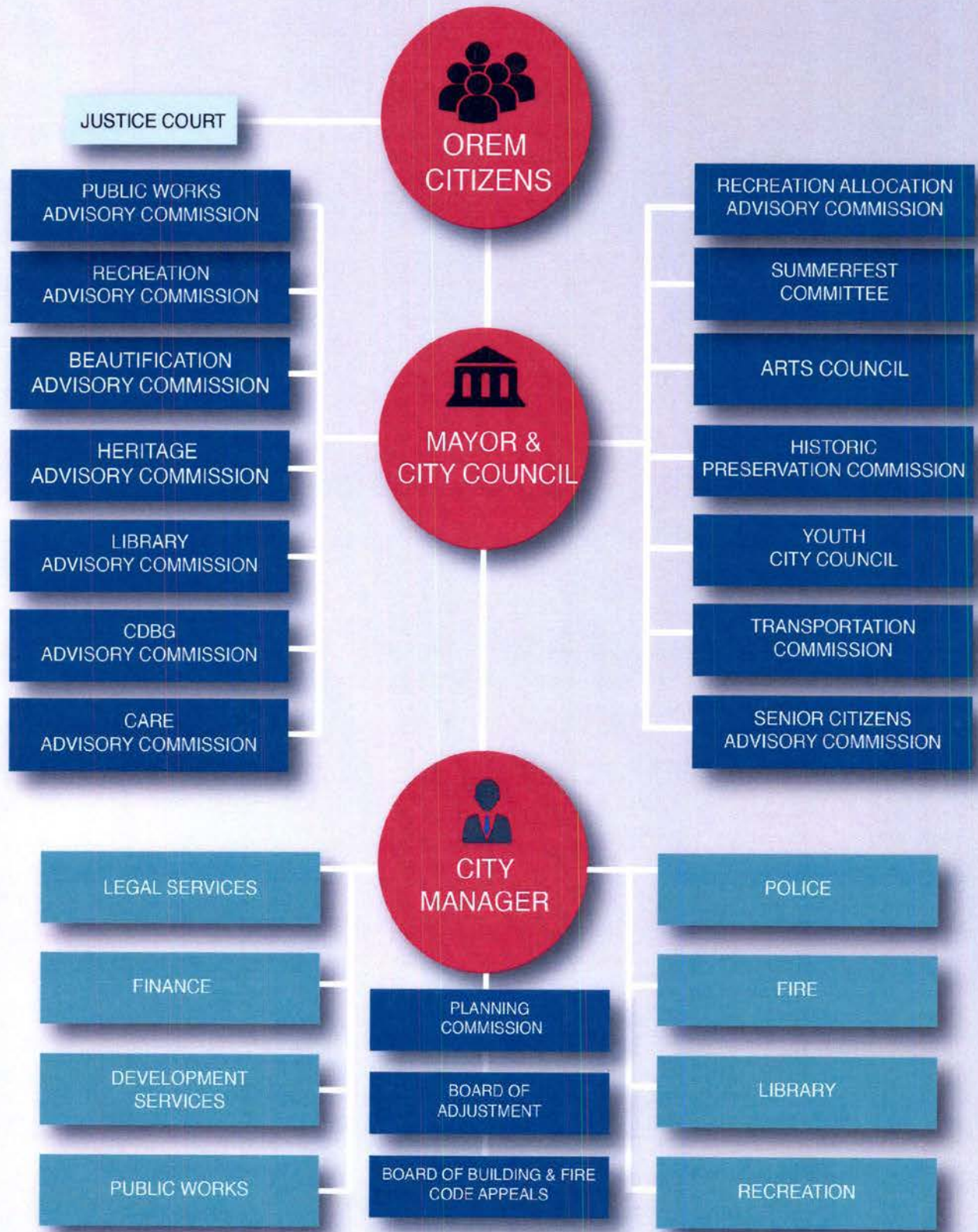
**CITY OF OREM**  
**LISTING OF OFFICIALS**  
**ORGANIZED BY CLASSIFICATIONS**

Chief Executive Officer

City Manager ..... James P. Davidson

Executive Staff

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







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

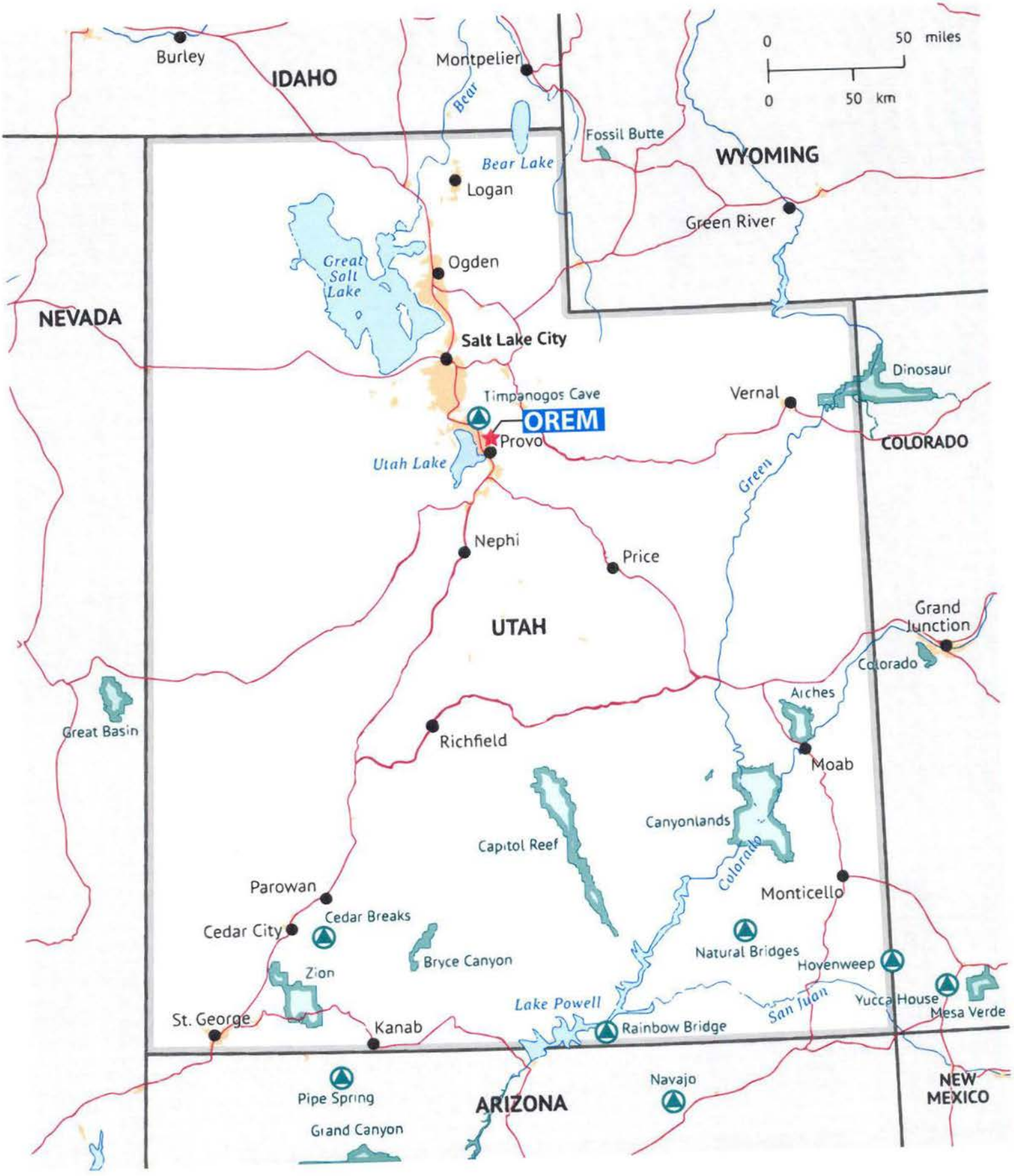
**City of Orem  
Utah**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrill*

Executive Director/CEO



# FINANCIAL SECTION



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA 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, 2020, 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, 2020 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.

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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 1, 2020, 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 1, 2020

**MD & A**

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2020**

The City of Orem's management presents this overview and analysis of its financial activities for the fiscal year ended June 30, 2020. 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 \$344,147,520 (total net position). Of this amount, \$97,726,518 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total government-wide net position consists of \$212,810,310 in net investment in capital assets, \$33,610,692 in restricted assets, and \$97,726,518 in unrestricted assets. Total government-wide net position increased by 11.29%.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$80,702,364. Of this amount, \$12,376,113 (15.34%) is available for spending at the City's discretion (unassigned fund balance).
- As of the end of the current fiscal year, the City's governmental funds reported a decrease in total fund balance of \$6,543,394 compared to the prior year's increase of \$37,567,826. 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 \$18,849,150 compared to the prior year's increase of \$16,557,290. The changes to fund balance are discussed in greater detail later in this overview and analysis.
- In FY 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. During FY 2020, the City spent just over \$14.9 million on these projects.
- The City continued installing automated meter reading technology on its water meters. In FY 2020, the City spent approximately \$1.9 million and \$3.4 million to date. The expected total cost of the 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, 2020**

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



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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 thirteen 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, Capital Projects, 2019 G.O. Bonds Capital Projects funds, and Redevelopment Agency Special Revenue Fund which are considered major funds of the City. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

- ***Proprietary funds.*** The City of Orem maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Water Reclamation, 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.

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**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As mentioned in the highlights section, assets exceeded liabilities and deferred inflows by \$344,147,520 at June 30, 2020.

By far the largest portion of the City's net position (61.84%) 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	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 106,915,610	\$ 113,074,156	\$ 68,230,646	\$ 54,613,070	\$ 175,146,256	\$ 167,687,226
Noncurrent Assets:						
Capital Assets	167,998,819	148,811,085	94,153,727	91,205,355	262,152,546	240,016,440
Other	3,098,207	705,676	-	-	3,098,207	705,676
Total Assets	278,012,636	262,590,917	162,384,373	145,818,425	440,397,009	408,409,342
Deferred Outflows of Resources	6,419,401	11,019,033	1,692,066	2,856,508	8,111,467	13,875,541
Total Assets & Deferred Outflows of Resources	<u>\$ 284,432,037</u>	<u>\$ 273,609,950</u>	<u>\$ 164,076,439</u>	<u>\$ 148,674,933</u>	<u>\$ 448,508,476</u>	<u>\$ 422,284,883</u>
Long-term Liabilities						
Outstanding	\$ 51,134,236	\$ 61,526,103	\$ 22,353,604	\$ 26,058,646	\$ 73,487,840	\$ 87,584,749
Other Liabilities	11,978,786	11,783,090	2,630,528	2,880,092	14,609,314	14,663,182
Total Liabilities	63,113,022	73,309,193	24,984,132	28,938,738	88,097,154	102,247,931
Deferred Inflows of Resources	15,568,782	10,605,810	695,020	188,058	16,263,802	10,793,868
Net Position:						
Net Investment in Capital Assets	138,676,061	134,356,643	74,134,249	69,151,941	212,810,310	203,508,584
Restricted	30,395,628	25,416,987	3,215,064	3,104,850	33,610,692	28,521,837
Unrestricted	36,678,544	29,921,317	61,047,974	47,291,346	97,726,518	77,212,663
Total Net Position	205,750,233	189,694,947	138,397,287	119,548,137	344,147,520	309,243,084
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 284,432,037</u>	<u>\$ 273,609,950</u>	<u>\$ 164,076,439</u>	<u>\$ 148,674,933</u>	<u>\$ 448,508,476</u>	<u>\$ 422,284,883</u>

A portion of the City of Orem's net position (9.77%) represent resources that are subject to external restrictions on how they may be used. The amount listed as unrestricted net position (\$97,726,518) 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.

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At the end of the current fiscal year, the City of Orem is able to report positive balances in all three categories of net position, for the City as a whole, as well as for its separate business-type activities.

Comparing the current fiscal year to the prior fiscal year, the City's net position increased by \$34,904,436 (11.29%). Total revenues increased by \$9,894,630 (8.30%), primarily due to increases in sales taxes of \$3,207,169 (12.86%), operating grants and contributions of \$4,835,722 (347.18%), and charges for services of \$2,965,371 (4.83%). Total expenses increased \$448,871 (0.48%). 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**

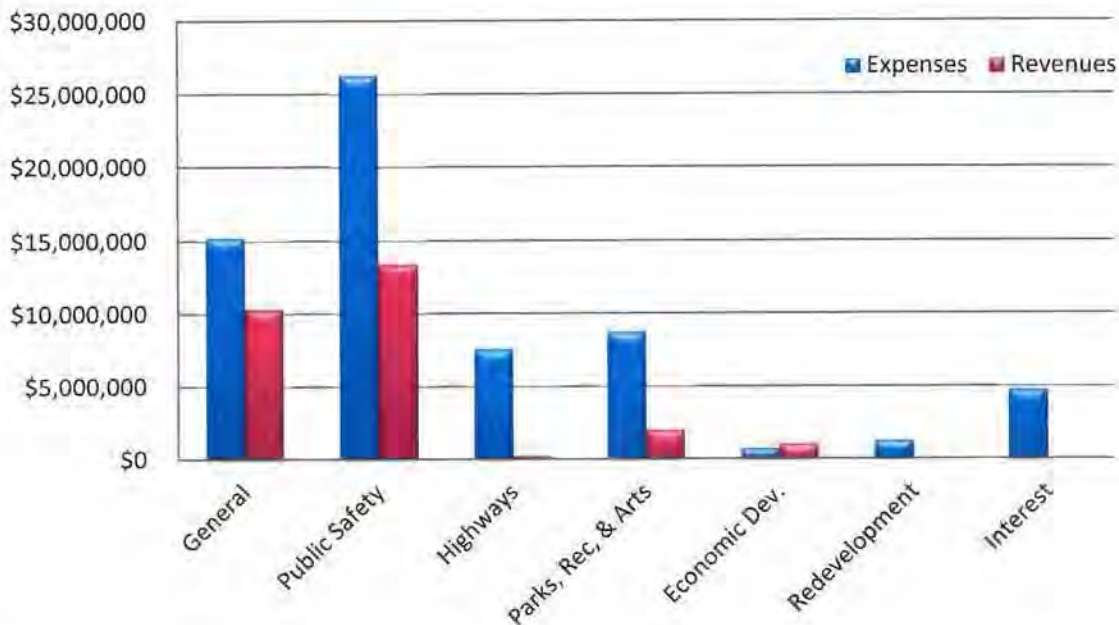
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 19,710,806	\$ 19,548,772	\$ 44,701,569	\$ 41,898,232	\$ 64,412,375	\$ 61,447,004
Operating Grants and Contributions	6,228,568	1,392,846	-	-	6,228,568	1,392,846
Capital Grants and Contributions	4,513,950	5,246,807	3,179,941	4,196,701	7,693,891	9,443,508
General Revenues:						
Sales Taxes	28,151,590	24,944,421	-	-	28,151,590	24,944,421
Property Taxes	10,432,989	9,701,393	-	-	10,432,989	9,701,393
Other Taxes	8,831,580	8,773,821	-	-	8,831,580	8,773,821
Other	2,384,028	2,453,409	1,011,784	1,095,773	3,395,812	3,549,182
Total Revenues	<u>80,253,511</u>	<u>72,061,469</u>	<u>48,893,294</u>	<u>47,190,706</u>	<u>129,146,805</u>	<u>119,252,175</u>
Expenses:						
General Government	15,221,971	15,017,456	-	-	15,221,971	15,017,456
Public Safety	26,294,148	25,463,111	-	-	26,294,148	25,463,111
Highways and Public Improvements	7,573,688	7,688,525	-	-	7,573,688	7,688,525
Parks, Recreation & Arts	8,734,158	9,613,483	-	-	8,734,158	9,613,483
Economic and Physical Development	709,334	887,655	-	-	709,334	887,655
Redevelopment	1,258,821	1,004,364	-	-	1,258,821	1,004,364
Interest on Long-Term Debt	4,732,568	4,122,763	-	-	4,732,568	4,122,763
Water	-	-	13,039,211	13,361,446	13,039,211	13,361,446
Water Reclamation	-	-	7,540,672	7,517,084	7,540,672	7,517,084
Storm Water	-	-	3,119,773	2,837,289	3,119,773	2,837,289
Recreation	-	-	1,258,441	2,041,021	1,258,441	2,041,021
Solid Waste	-	-	4,277,997	3,764,859	4,277,997	3,764,859
Street Lighting	-	-	481,587	474,442	481,587	474,442
Total Expenses	<u>64,524,688</u>	<u>63,797,357</u>	<u>29,717,681</u>	<u>29,996,141</u>	<u>94,242,369</u>	<u>93,793,498</u>
Change in Net Position before Transfers	15,728,823	8,264,112	19,175,613	17,194,565	34,904,436	25,458,677
Transfers In (Out)	326,463	637,275	(326,463)	(637,275)	-	-
Change in Net Position	<u>16,055,286</u>	<u>8,901,387</u>	<u>18,849,150</u>	<u>16,557,290</u>	<u>34,904,436</u>	<u>25,458,677</u>
Net Position - Beginning	<u>189,694,947</u>	<u>180,793,560</u>	<u>119,548,137</u>	<u>102,990,847</u>	<u>309,243,084</u>	<u>283,784,407</u>
Net Position - Ending	<u>\$ 205,750,233</u>	<u>\$ 189,694,947</u>	<u>\$ 138,397,287</u>	<u>\$ 119,548,137</u>	<u>\$ 344,147,520</u>	<u>\$ 309,243,084</u>

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**Governmental activities.** Governmental activities increased the City of Orem's net position \$16,055,286 (8.46%). This is an increase of \$7,153,899 from the prior year. Total revenues increased \$8,192,042 (11.37%). Sales tax revenues increased \$3,207,169 (12.86%), operating grants and contributions increased \$4,835,722 (347.18%), and property taxes increased \$731,596 (7.54%). Total expenses increased \$727,331 (1.14%).

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 \$49,794,202 because these revenues are not specific to a particular department.

**Program Expenses & Revenues - Governmental Activities**  
**For Fiscal Year Ending June 30, 2020**



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

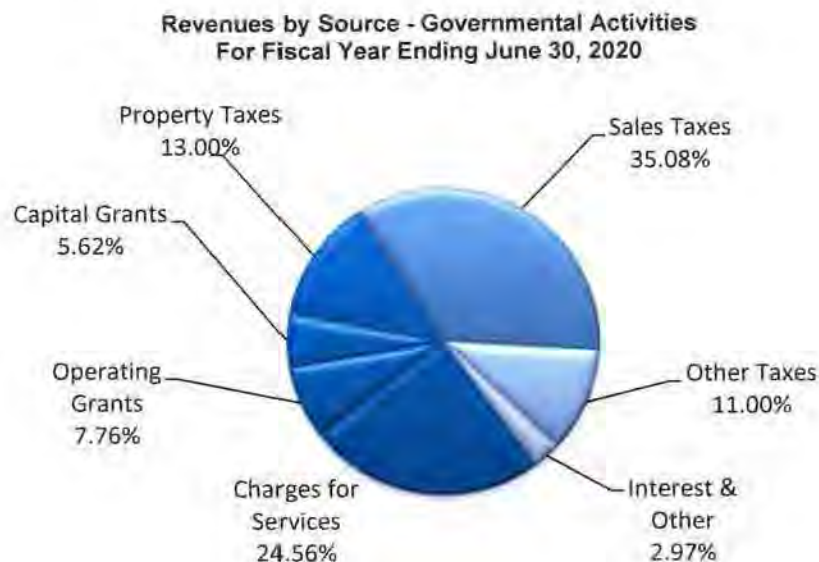
- Total revenues increased \$8,192,042 (11.37%).
- Operating grants and contributions increased \$4,835,722 (347.18%). The increase was due to receiving \$4,011,796 in CARES Act CRF funds from Utah County as part of the COVID-19 pandemic relief. These funds were primarily used to cover the costs of public safety personnel who dealt with various aspects of the pandemic.
- General revenues increased \$3,927,143 (8.56%). The increase was due, in large part, to sales tax revenues increasing by \$3,207,169 (12.86%).

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The benefits of having a strong retail base became evident as local sales tax revenues continued to be strong even during the COVID-19 pandemic. These revenues increased by \$1,003,073 (4.4%). For the period of March to June 2020, sales tax revenues increased 5.51% while they only increased 3.8% for the July 2019 to February 2020 period of the fiscal year. Most of the remaining increase in sales tax revenues was due to a new transportation sales tax that became effective July 1, 2019, and is dedicated to transportation infrastructure improvements. The amount received in the current fiscal year for this new tax was \$2,129,802. Property tax revenues increased \$731,596 (7.54%). The increase in these revenues was due, in large part, to receiving \$366,841 in additional redevelopment (RDA/CDA) tax revenues. The City also increased its property tax rate in order to hire additional police officers. The rate increase resulted in a \$237,536 increase in revenues.

- Total expenses increased by \$727,331 (1.14%).
- Salary and benefit costs across all expense categories increased, in total, by approximately \$1,567,000 in the current fiscal year due to general salary and benefit increases given at the beginning of the fiscal year. However, total personnel costs were decreased by approximately \$590,000 in decreased pension costs due to improved investment performance.
- Various materials, supplies and contracted service costs decreased by approximately \$395,000 as city departments curtailed spending in the last four months of the fiscal year due to the COVID-19 pandemic.

The following graph displays the governmental activities revenues by source. The information reflected in this graph comes from the "City of Orem's Change in Net Position" table shown previously.

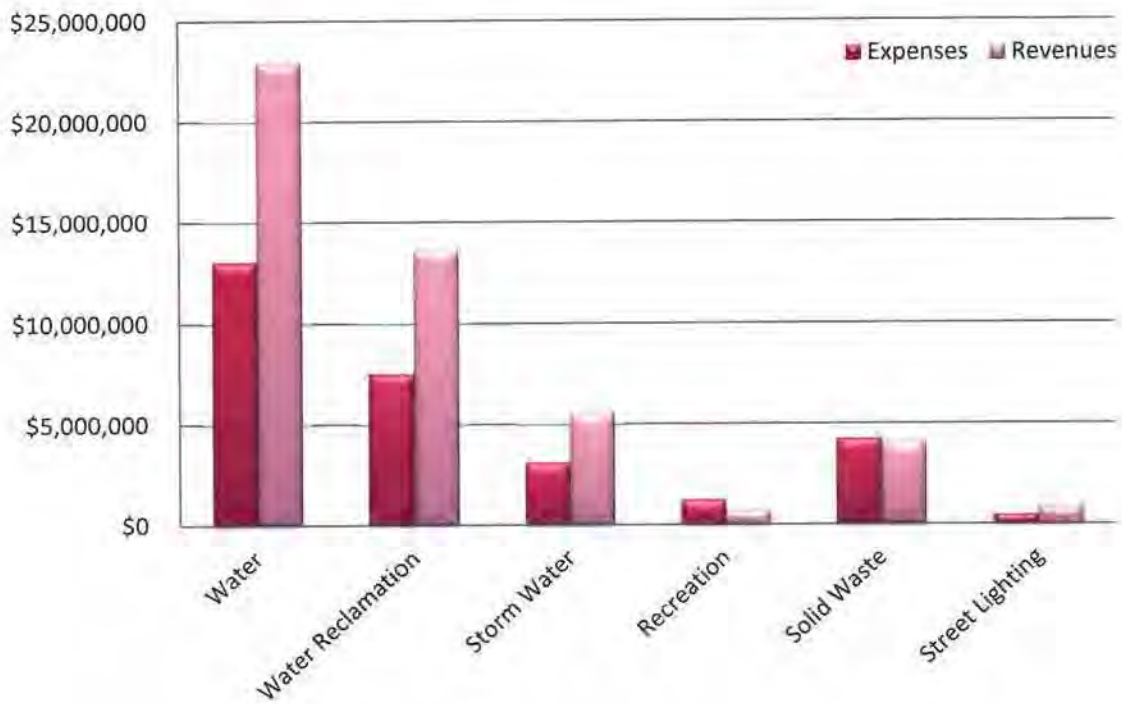


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**Business-type activities.** Business-type activities increased the City's net position by \$18,849,150. The increase in net position represents a 15.77% increase for the current year. Total revenues increased \$1,702,588 (3.61%) and total expenses decreased \$278,460 (0.93%). 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, 2020**

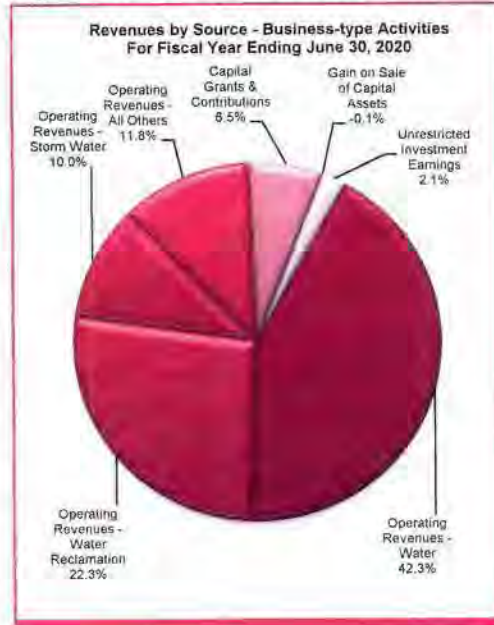


Key elements affecting the change in business-type activities net assets are as follows:

- Business-type activities reported an increase in total revenues over the prior year of \$1,702,588 (3.61%). Total revenues increased or decreased as follows:

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- Water fund total operating revenues increased \$1,887,321 or 9.97%. There was a 8.02% increase in base rates along with an 11.36% 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 \$1,539,562 or 9.27%. Other revenues increased by \$347,759. The primary reason for the increase in other revenues was a \$500,000 increase in the funds received from the Metropolitan Water District of Orem for the purpose of constructing a large water storage tank.



- Water Reclamation fund total operating revenues increased \$1,551,647 or 13.47%. The increase in revenues is due to a 15.02% increase in the sewer base rate and a 16.06% increase in the sewer volume charge.
- Storm Water fund total operating revenues increased \$275,105 or 5.76%. The increase was due to a \$0.25 rate increase in the “equivalent service units (ESU)” rate. The rate went from \$7.10/month/ESU to \$7.35/month/ESU (3.52% increase).

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

- Business-type activities reported a decrease in operating expenses from the prior year of \$278,460 (0.93%). Operating expenses increased or decreased as follows:
  - Personnel costs decreased \$393,574 (5.49%). While salary and benefits costs increased, the total costs of personnel decreased due to decreases in pension costs.

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- Utility electric costs decreased \$350,102 (19.23%). The decrease was due primarily to the closure/demolition of the City's fitness center for reconstruction.
- Contract services costs increased \$623,420 (7.98%). The increase is due to increases in the City's solid waste (garbage) hauling contract as well as a can count audit which netted additional cans which had not been included in the monthly bill to the City.
- Depreciation expense increased \$187,625 (3.56%). The City's automated meter reading installation project also added approximately \$1.9 million to the Water Fund's fixed assets along with corresponding depreciation for the fiscal year. Water Reclamation had two sewer line projects totaling approximately \$1.8 million which also added additional depreciation expense.

### **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 \$80,702,364. Of this total amount, \$12,376,113 (15.34%) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Unassigned fund balance decreased from the prior year by \$1,571,995. The remaining fund balance of \$68,326,251 is "reserved" in one capacity or another indicating that it is not available for new spending because it has already been committed to pay for debt service, capital projects, or a variety of other purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, *unassigned fund balance* of the general fund was \$12,376,113 and total fund balance increased to \$3,857,581. 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 22.42% (prior year was 23.34%) of total General Fund expenditures, while total fund balance represents 56.79% (prior year was 51.92%) of total General Fund expenditures.



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*General Fund* - Total fund balance increased \$3,857,581 in the current fiscal year (the prior year had an increase of \$2,110,480). Thus, there was a positive variance from the prior year of \$1,747,101. The following elements were key factors contributing to the total fund balance change:

- Total revenues of the fund increased \$4,554,296 (7.35%). Taxes and special assessments increased \$1,190,264 (3.18%), licenses and permits revenues decreased \$903,012 (35.21%), and intergovernmental revenues increased \$4,654,180 (108.52%). Details about these variances are as follows:
  - Taxes and special assessments increased primarily due to sales tax revenues increasing \$1,001,306 (4.40%). As mentioned previously, the City's strong retail base continued to do well despite the COVID-19 pandemic with significant gains in the general merchandise and groceries, building materials and tools, recreational supplies, and auto dealers categories. While there were decreases in the home furnishings, amusement, clothing, and restaurant categories, the category increases mentioned were greater than these decreases. Transient room taxes related to hotels did decrease by \$27,190 (15.98%) for the fiscal year due entirely to the pandemic.
  - Licenses and permits revenues decreased due primarily to a decrease of \$881,409 (50.25%) in building permit revenues. The decrease occurred primarily because a significant amount of development occurred in the prior fiscal year in an area annexed into the city a few years ago but not as much development in this area occurred in the current fiscal year. The COVID-19 pandemic also played a role in slowing down or delaying construction projects as the late winter and early spring are when the city normally sees a significant amount of activity in building permits.
  - Intergovernmental revenues increased due to receiving \$4,011,796 in CARES Act CRF funds from Utah County as part of the federal relief package related to the COVID-19 pandemic. These funds were primarily used to cover the costs of public safety personnel who dealt with various aspects of the pandemic.
- Total expenditures increased \$2,258,767 (4.27%). General government expenditures increased \$352,263 (2.45%), public safety expenditures increased \$976,474 (4.14%), and capital outlay expenditures increased \$917,006 (19.42%). 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 \$502,058 (6.39%). Contracted services also increased \$69,677 (13.83%) primarily due to the City's public safety assessment study which is analyzing and evaluating public safety operations.
  - Public Safety expenditures increased as the result of higher personnel costs due to general wage and benefit increases of \$965,920 (4.83%). Police department wages and benefits increased

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- \$525,950 (4.19%) and fire department wages and benefits increased \$439,970 (5.91%).
- o Capital outlay expenditures increased due to the purchase of vehicles for the additional police officers authorized as part of the City's property tax rate increase, the initial payment for a new fire engine, and additional street micro-surfacing expenditures.

*Debt Service Fund* - Total fund balance is \$2,761,715, all of which is to be used for the payment of debt service. There was a net decrease in fund balance in the current year of \$1,116,615. The decrease was the result of using the 2019 General Obligation Bonds capitalized interest funds to make the 2019 General Obligation Bonds payments for the fiscal year.

*Capital Projects Fund* - Total fund balance is \$18,169,938, 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 \$2,154,589 (13.45%). 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.

*2019 G.O. Bonds Capital Projects Fund* - Total fund balance is \$10,966,453, all of which is to be used for capital improvements and large equipment purchases for the new Library Hall and reconstructed Fitness Center. There was a net decrease in fund balance in the current year of \$14,500,189 due to expending these bond funds for these two construction projects which are expected to be completed in the next fiscal year.

*Redevelopment Agency Special Revenue Fund* - Total fund balance is \$6,694,288, all of which is to be used for infrastructure or other project area improvements within the city. There was a net increase in fund balance in the current year of \$854,059 (14.62%) due to accumulating tax increment revenues within project areas for future use as projects are identified within the individual project areas.

### 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 \$30,796,634, an increase of \$6,892,554 (28.83%). Total net position increased by \$9,632,547 (16.51%) during the current fiscal year (prior fiscal year had an increase of \$7,802,235 or 15.43%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$1,887,321 (9.97%). There was an 8.02% increase in base rates (from \$18.70/month to \$20.20/month on a ¾" meter) and an 11.36% increase in Tier 1 water usage rates (from \$0.88/1,000 gallons to \$0.98/1,000 gallons). Tier 2 through 4 usage rates were also increased.

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- Operating expenses increased \$291,652 (2.50%) in comparison with the prior year. The increase includes \$151,616 (4.33%) in increased contract services for water treatment and storage as well as increased depreciation expense of \$147,600 (6.02%) due to additional automated meter reading installation project costs were added.

*Water Reclamation Fund* - Unrestricted net position at the end of the year amounted to \$17,884,095, an increase of \$4,539,444 (34.02%). Total net position increased \$6,130,290 (17.93%) during the current fiscal year (prior fiscal year had an increase of \$5,582,922 or 19.52%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$1,551,647 (13.47%). The increase was due to a 16.06% increase in the sewer volume charge (from \$2.18/1,000 gallons to \$2.53/1,000 gallons) and a base rate increase of 15.02% (from \$10.72/living unit to \$12.33/living unit).
- Operating expenses increased \$21,751 (0.30%) in comparison with the prior year. Personnel services increased \$51,221 (2.32%) due to general wage and benefit increases. Administrative fee charges increased \$91,125 (11.39%) primarily due to allocating a higher portion of administrative time associated with capital projects. Utilities expense decreased \$121,383 (16.46%) primarily due to a reduction in an accrual for Provo City sewer treatment costs which has finally been resolved.

*Storm Water Fund* - Unrestricted net position at the end of the year amounted to \$8,393,071, an increase of \$1,707,181 (25.53%). Total net position increased \$2,258,564 (10.78%) during the current fiscal year (prior fiscal year had an increase of \$2,021,577 or 10.67%). Items affecting the change in total net position of the fund are as follows:

- Operating revenues increased \$275,105 (5.76%), due to a \$0.25 increase in the "equivalent service units (ESU)" rate which went from \$7.10/month/ESU to \$7.35/month/ESU.
- Operating expenses increased \$281,929 (10.25%) in comparison with the prior year. Personnel services increased \$136,642 (14.97%) due primarily to an increase in personnel costs due to general wage and benefit increases as well as an increase in the allocated pension costs related to this fund. Depreciation expenses increased \$81,366 (10.65%) due to several large capital projects from the prior year having a full year of depreciation in the current fiscal year.

### **General Fund Budgetary Highlights**

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total (including net transfers) of \$61,031,733 to a final budget of \$72,300,098, an increase of \$11,268,365 (18.46%). The changes to the General Fund budget are briefly summarized as follows:

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- Various public safety grants and donations received during the year totaled \$381,736 and various fines and forfeitures related to the drug task force increased by \$133,835.
- The library received several grants during the year totaling \$72,956. Various other parks, recreation, and arts grants and donations were added to the budget totaling \$51,842.
- Various capital project, equipment, and 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 \$3,967,885.
- 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 \$1,753,430.
- 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:

- Intergovernmental – Revenues – Actual amount was higher than the budgeted amount by \$4,919,685 (122.28%). Actual revenues were higher than budgeted revenues because the City was not able to amend its budget before the fiscal year-end for the \$4,861,276 of CARES Act funds it was awarded through Utah County.
- Investment Earnings – Revenues – Actual amount was higher than the budgeted amount by \$498,997 (62.37%). 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 \$2,427,351 (14.00%). The following narrative provides details about this variance from budget:
  - Various facility maintenance projects were not able to be completed leaving \$339,836 in unspent budget funds.
  - Wages and employee benefit costs were lower than budget by \$571,082. 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 \$438,676 as expected service costs were either delayed or determined to not be necessary.
  - Election costs were lower than budget by \$28,648 because a large part of these expected costs were covered by Utah County.
  - Employee development costs were lower than budgeted by \$63,409 primarily due to conference travel cancelations due to the COVID-19 pandemic.
  - Various contingency accounts were not used and thus, were lower than budget by \$406,193.
- Public Safety – Expenditures – Actual amounts were lower than budgeted by \$2,910,694 (9.85%).

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2020**

- Regular pay, overtime, and fringe benefits were lower than expected by \$406,694 due to fully funding all positions in the budget even though employee turnover regularly occurs leaving gaps in positions being occupied.
  - Various vehicle, equipment, and uniform costs totaling \$349,778 did not get purchased by the end of the fiscal year but were budgeted.
  - Fire apparatus totaling \$1,165,802 was budgeted but not spent because it is being accumulated until there are enough funds to pay for the equipment with cash.
  - Employee development costs were lower than budgeted by \$102,107 primarily due to conference travel cancelations due to the COVID-19 pandemic.
- Highways and Public Improvements – Expenditures – Actual amounts were lower than budgeted by \$2,398,408 (27.31%). 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 \$1,038,100 (12.72%). Personnel costs were lower than budgeted by \$275,380 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 \$307,000.

### **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, 2020, amounts to \$262,152,546 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment (including vehicles and office equipment), infrastructure, intangibles, and construction in progress.

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

- Public safety purchased sixteen new vehicles totaling \$707,556, a new ambulance for \$135,055, and a new fire engine for \$1,208,422.
- The engineering division purchased new GPS units for \$23,528.
- The parks division purchased one new utility vehicle for \$14,060 and two new riding mowers totaling \$42,183. They also began the Geneva Park & Westmore Park renovation projects spending \$542,262 this fiscal year, completed rebuilding the tennis courts and adding shade structures at Bonneville Park for \$363,180, and replaced the playground structure at Windsor Park for \$140,000.
- The cemetery division purchased one new vehicle for \$36,132.

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2020**

- The streets division purchased a brine maker, tanks and building for \$273,608, two message board trailers totaling \$29,950, and various other equipment totaling \$56,745.
- Various road, street light, and landscaping projects completed or added to construction in process were approximately \$3,145,000.
- The Finance department purchased audio and video equipment for the City's Justice Court for \$33,826, new fingerprint equipment for \$24,973 and budgeting software for \$17,000.
- Recreation replastered the lap pool at Scera Park for \$184,349. Reconstruction costs added to construction in progress for the new Fitness Center totaled \$12,189,307.
- The library purchased a time management system for its print/scan stations for \$13,562. Construction costs added to construction in progress for the new Library Hall facility totaled \$5,421,290.
- Vehicle charging stations were added at the City Center for \$197,728.
- Several facility projects took place in the current fiscal year at the public safety building, city center, and library totaling \$422,998.
- The water division had several waterline projects completed or added to construction in process totaling approximately \$700,000. They spent approximately \$1.9 million on the automated meter read technology project that began near the end of FY 2018. They purchased five new vehicles totaling \$161,870 and a new excavator for \$225,050. Various equipment purchases totaled \$85,985.
- The water reclamation division had several sewer line projects completed or added to construction in process totaling \$2,045,816. They purchased three new vehicles totaling \$61,269, a truck mounted high pressure sewer cleaner for \$284,840, and various other equipment totaling approximately \$62,000.
- The storm water division had several storm water line projects completed or added to construction in process totaling \$328,452. A new regenerative sweeper was purchased for \$220,364, two new vehicles totaling \$45,158, and a riding mower totaling \$15,688.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Land	\$ 65,195,839	\$ 65,413,637	\$ 3,888,751	\$ 3,888,751	\$ 69,084,590
Buildings and Systems	9,833,230	10,770,679	810,531	903,558	10,643,761	11,674,237
Improvements other than Buildings	13,892,038	14,448,809	5,044,102	5,666,716	18,936,140	20,115,525
Machinery and Equipment	7,778,892	7,520,342	4,903,597	4,943,665	12,681,989	12,464,007
Infrastructure	48,821,637	49,214,504	75,887,779	71,630,197	124,709,416	120,844,701
Construction in Progress	22,477,683	1,443,114	2,404,277	3,054,478	24,881,960	4,497,592
Intangibles	-	-	1,214,690	1,117,990	1,214,690	1,117,990
Total Capital Assets	\$ 167,998,819	\$ 148,811,085	\$ 94,153,727	\$ 91,205,355	\$ 262,152,546	\$ 240,016,440

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

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,514,000. Of this amount, \$29,620,000 comprises debt backed by the full faith and credit of the government and \$20,894,000 is debt (i.e. revenue bonds) secured solely by specific revenue sources such as sales taxes, franchise taxes, water revenues, water reclamation revenues, and/or storm water revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	General Obligation Bonds	\$ 29,620,000	\$ 30,560,000	\$ -	\$ -	\$ 29,620,000
Revenue Bonds	856,000	1,338,000	20,038,000	22,091,000	20,894,000	23,429,000
Total Bonds	\$ 30,476,000	\$ 31,898,000	\$ 20,038,000	\$ 22,091,000	\$ 50,514,000	\$ 53,989,000

The City's total bonded debt decreased by \$3,475,000 (6.44%) during the current fiscal year. The City made its final principal payment on the 2010 Northgate Village Special Assessment Revenue Bonds of \$130,000. No new bonded debt was issued during the fiscal year.

The City of Orem maintains a "AAA" rating from Fitch Ratings and a "AA" rating from Standard & Poor's for 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 \$377,874,800, 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 \$408,651,401. 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 \$786,526,201. More detailed information can be found on pages 170-171.

Additional information on the City's long-term debt can be found in the footnotes to this financial report on pages 75-80.

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

- The unemployment rate for the City of Orem at June 30, 2020 was 5.0%. The City's unemployment rate compares favorably to the national rate of 11.1%. The City has a relatively high technology based workforce comparative to other areas of the county and state which can be impacted (for good or bad) to a slightly higher degree than many other workforce groups in the economy. This has been particularly beneficial during the current COVID-19 pandemic as the need for technology-

**City of Orem**  
**Management's Discussion and Analysis**  
**June 30, 2020**

based solutions has been expedited. The table below provides current year comparative information as well as a historical perspective. (Source: U.S. Bureau of Labor Statistics).

**HISTORICAL ANNUAL UNEMPLOYMENT RATES**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City	3.9%	3.7%	3.3%	3.1%	5.0%
County	3.9%	3.6%	3.4%	3.1%	4.5%
State	4.2%	3.9%	3.5%	3.2%	5.7%
Nation	5.1%	4.5%	4.2%	3.8%	11.1%

- The General Fund budget for the fiscal year ending June 30, 2021 reflects a decrease of \$12,236,090 or 21.32% in revenues, excluding appropriations of surplus, compared to the final actual revenues for the fiscal year ended June 30, 2020. The decrease in revenues is due primarily to expected negative COVID-19 impacts on revenues such as sales tax revenues, building related permits and fees, justice court fines, recreation program fees, and interest earnings. Budgeted expenditures decreased by \$8,378,509 or 14.60% over the final fiscal year ended June 30, 2020, expenditures. Again, due to expected negative revenue impacts of COVID-19, all departments decreased their budgets by 3% and no capital projects or acquisitions were included in next year's budget.
- Despite some negative impacts of the current pandemic, the state and the city continue to compare favorably to national indices. Sales tax revenues continue to increase in comparison to the prior year. Building permits and related fees continue to be better than expected. 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 2020-2021 fiscal year.

**Request For Information**

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

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



**BASIC  
FINANCIAL  
STATEMENTS**

City of Orem  
Statement of Net Position  
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 37,284,014	\$ 60,222,611	\$ 97,506,625
Receivables (Net of Allowance for Uncollectibles)	742,679	4,792,971	5,535,650
Property and Other Taxes Receivable	10,708,465	-	10,708,465
Special Assessments Receivable	32,917	-	32,917
Intergovernmental Receivables	5,096,995	-	5,096,995
Investments	9,977,170	-	9,977,170
Inventory	341,494	-	341,494
Notes Receivable	188,829	-	188,829
Prepaid Expenses	80,111	-	80,111
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	2,460,366	2,157,258	4,617,624
Capital Improvements	26,723,604	1,057,806	27,781,410
Other Purposes	3,368,661	-	3,368,661
Receivables:			
Debt Service	1,474,796	-	1,474,796
Capital Improvement Projects	2,960,740	-	2,960,740
Other Purposes	1,527,587	-	1,527,587
Investments:			
Debt Service	2,468,527	-	2,468,527
Capital Improvement Projects	2,150,459	-	2,150,459
Net Pension Assets	2,426,403	-	2,426,403
Capital Assets:			
Non-depreciable Capital Assets	87,673,522	7,507,718	95,181,240
Depreciable Capital Assets (net)	80,325,297	86,646,009	166,971,306
Total Assets	<u>278,012,636</u>	<u>162,384,373</u>	<u>440,397,009</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Loss on Debt Refundings	131,306	727,588	858,894
Pensions	6,288,095	964,478	7,252,573
Total Deferred Outflows of Resources	<u>6,419,401</u>	<u>1,692,066</u>	<u>8,111,467</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 284,432,037</u>	<u>\$ 164,076,439</u>	<u>\$ 448,508,476</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,016,560	\$ 1,820,879	\$ 2,837,439
Customer Deposits	6,276,235	108,995	6,385,230
Accrued Liabilities	2,254,872	331,129	2,586,001
Unearned Revenues	1,374,882	204,123	1,579,005
Accrued Interest Payable	294,623	167,402	462,025
Liabilities Payable from Restricted Assets	761,614	-	761,614
Noncurrent Liabilities:			
Due within One Year	4,648,969	2,490,126	7,139,095
Due in more than One Year	46,485,267	19,863,478	66,348,745
Total Liabilities	<u>63,113,022</u>	<u>24,984,132</u>	<u>88,097,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenues - Property Taxes	9,549,220	-	9,549,220
Pensions	6,019,562	695,020	6,714,582
Total Deferred Inflows of Resources	<u>15,568,782</u>	<u>695,020</u>	<u>16,263,802</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	138,676,061	74,134,249	212,810,310
Restricted for:			
Debt Service	4,928,893	2,167,258	7,096,151
Capital Improvements	18,992,324	1,057,806	20,050,130
Pensions	2,426,403	-	2,426,403
Community Development	4,048,008	-	4,048,008
Unrestricted	36,678,544	61,047,974	97,726,518
Total Net Position	<u>205,750,233</u>	<u>138,397,287</u>	<u>344,147,520</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 284,432,037</u>	<u>\$ 164,076,439</u>	<u>\$ 448,508,476</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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 15,221,971	\$ 10,198,818	\$ 126,453	\$ -
Public Safety	26,294,148	7,804,339	5,471,257	132,774
Highways and Public Improvements	7,573,688	240,568	-	3,447,050
Parks, Recreation and Arts	8,734,158	1,427,168	34,319	535,034
Economic and Physical Development	709,334	39,913	572,946	399,092
Redevelopment	1,258,821	-	23,593	-
Interest on Long-term Debt	4,732,568	-	-	-
<b>Total Governmental Activities</b>	<b>64,524,688</b>	<b>19,710,806</b>	<b>6,228,568</b>	<b>4,513,950</b>
Business-type Activities:				
Water	13,039,211	20,821,417	-	2,125,400
Water Reclamation	7,540,672	13,070,784	-	540,985
Storm Water	3,119,773	5,050,924	-	513,556
Recreation	1,258,441	746,080	-	-
Solid Waste	4,277,997	4,098,072	-	-
Street Lighting	481,587	914,292	-	-
<b>Total Business-type Activities</b>	<b>29,717,681</b>	<b>44,701,569</b>	<b>-</b>	<b>3,179,941</b>
<b>Total Primary Government</b>	<b>\$ 94,242,369</b>	<b>\$ 64,412,375</b>	<b>\$ 6,228,568</b>	<b>\$ 7,693,891</b>

General Revenues:

Sales Taxes  
Property Taxes  
Franchise Taxes  
Vehicle Taxes  
Other Taxes & Special Assessments  
Unrestricted Investment Earnings  
Gain (Loss) 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
\$ (4,896,700)	\$ -	\$ (4,896,700)
(12,885,778)	-	(12,885,778)
(3,886,070)	-	(3,886,070)
(6,737,637)	-	(6,737,637)
302,617	-	302,617
(1,235,228)	-	(1,235,228)
(4,732,568)	-	(4,732,568)
<u>(34,071,364)</u>	<u>-</u>	<u>(34,071,364)</u>
-	9,907,606	9,907,606
-	6,071,097	6,071,097
-	2,444,707	2,444,707
-	(512,361)	(512,361)
-	(179,925)	(179,925)
-	432,705	432,705
-	<u>18,163,829</u>	<u>18,163,829</u>
<u>(34,071,364)</u>	<u>18,163,829</u>	<u>(15,907,535)</u>
28,151,590	-	28,151,590
10,432,989	-	10,432,989
7,865,944	-	7,865,944
654,252	-	654,252
311,384	-	311,384
2,060,562	1,037,245	3,097,807
323,466	(25,461)	298,005
326,463	(326,463)	-
<u>50,126,650</u>	<u>685,321</u>	<u>50,811,971</u>
16,055,286	18,849,150	34,904,436
189,694,947	119,548,137	309,243,084
<u>\$ 205,750,233</u>	<u>\$ 138,397,287</u>	<u>\$ 344,147,520</u>

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City of Orem  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Debt Service	Capital Projects	Capital Projects-2019 G.O. Bonds	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 12,619,644	\$ 1,122,367	\$ 18,409,907	\$ -	\$ -	\$ 363,521	\$ 32,515,439
Receivables (Net of Allowance for Uncollectibles)	720,497	-	22,182	-	-	-	742,679
Property Taxes Receivable	5,664,424	-	-	-	-	-	5,664,424
Other Taxes Receivable	5,044,041	-	-	-	-	-	5,044,041
Special Assessments Receivable	32,917	-	-	-	-	-	32,917
Intergovernmental Receivables	4,940,884	-	-	-	-	156,111	5,096,995
Notes Receivable	-	-	-	-	-	188,829	188,829
Investments	9,977,170	-	-	-	-	-	9,977,170
Prepays	49,995	-	-	-	-	-	49,995
Restricted Cash and Cash Equivalents:							
Debt Service	821,018	1,639,348	-	-	-	-	2,460,366
Capital Improvement Projects	1,610,179	-	-	10,979,325	6,796,163	7,337,937	26,723,604
Other Purposes	1,159,561	-	-	-	-	2,209,100	3,368,661
Restricted Receivables:							
Debt Service	-	1,474,796	-	-	-	-	1,474,796
Capital Improvement Projects	550,740	-	-	-	2,410,000	-	2,960,740
Other Purposes	186,836	-	-	-	-	1,352,411	1,489,247
Restricted Investments:							
Debt Service	2,468,527	-	-	-	-	-	2,468,527
Capital Improvement Projects	2,150,459	-	-	-	-	-	2,150,459
<b>Total Assets</b>	<b>\$ 47,946,892</b>	<b>\$ 4,236,511</b>	<b>\$ 18,432,089</b>	<b>\$ 10,979,325</b>	<b>\$ 9,206,163</b>	<b>\$ 11,607,909</b>	<b>\$ 102,408,889</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 447,398	\$ -	\$ 72,943	\$ 12,872	\$ 1,875	\$ 427,132	\$ 962,220
Customer Deposits	6,176,235	-	-	-	100,000	-	6,276,235
Accrued Liabilities	2,159,256	-	-	-	-	9,250	2,168,506
Unearned Revenues	1,170,584	-	189,208	-	-	15,090	1,374,882
Liabilities Payable from Restricted Assets	761,614	-	-	-	-	-	761,614
<b>Total Liabilities</b>	<b>10,715,087</b>	<b>-</b>	<b>262,151</b>	<b>12,872</b>	<b>101,875</b>	<b>451,472</b>	<b>11,543,457</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Revenues - Property Taxes	5,664,424	1,474,796	-	-	2,410,000	-	9,549,220
Deferred Revenues - Receivables	215,383	-	-	-	-	398,465	613,848
<b>Total Deferred Inflows of Resources</b>	<b>5,879,807</b>	<b>1,474,796</b>	<b>-</b>	<b>-</b>	<b>2,410,000</b>	<b>398,465</b>	<b>10,163,068</b>
<b>FUND BALANCES</b>							
Nonspendable	49,995	-	-	-	-	-	49,995
Restricted	8,722,475	1,639,348	430,000	10,966,453	6,694,288	10,415,875	38,868,439
Assigned	10,203,415	1,122,367	17,739,938	-	-	342,097	29,407,817
Unassigned	12,376,113	-	-	-	-	-	12,376,113
<b>Total Fund Balances</b>	<b>31,351,998</b>	<b>2,761,715</b>	<b>18,169,938</b>	<b>10,966,453</b>	<b>6,694,288</b>	<b>10,757,972</b>	<b>80,702,364</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 47,946,892</b>	<b>\$ 4,236,511</b>	<b>\$ 18,432,089</b>	<b>\$ 10,979,325</b>	<b>\$ 9,206,163</b>	<b>\$ 11,607,909</b>	<b>\$ 102,408,889</b>

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

Capital assets used in governmental funds are not financial resources.	167,998,819
Net Pension Assets and Deferred Outflows of Resources are not available financial resources and are not reported in the governmental funds.	8,845,804
Other restricted assets are not available financial resources and are not reported in the governmental funds.	38,340
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.	613,848
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.	4,434,345
Long-term liabilities, including bonds payable, compensated absences, and pensions, are not due and payable in the current period.	(50,586,212)
Other financial obligations not due and payable in the current period.	17,109
Interest payable on long-term obligations do not require current financial resources and are not reported in the governmental funds.	(294,623)
Deferred Inflows of Resources related to pensions do not require current financial resources and are not reported in the governmental funds.	(6,019,562)
<b>Net Position of Governmental Activities</b>	<b>\$ 205,750,233</b>

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

City of Orem  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For The Year Ended June 30, 2020

	General	Debt Service	Capital Projects	Capital Projects-2019 G.O. Bonds	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes and Special Assessments	\$ 38,642,143	\$ 1,578,201	\$ -	\$ -	\$ 2,767,304	\$ 4,413,867	\$ 47,401,515
Licenses and Permits	1,661,515	-	-	-	-	-	1,661,515
Intergovernmental	8,942,825	-	74,148	-	-	972,038	9,989,011
Charges for Services	8,648,655	-	-	-	-	53,588	8,702,243
Fines and Forfeitures	1,386,474	-	-	-	-	-	1,386,474
Charges for Services - Other Funds	5,039,118	-	-	-	-	-	5,039,118
Impact Fees	-	-	-	-	-	753,507	753,507
Investment Earnings	1,298,997	44,973	-	403,948	129,330	184,214	2,061,462
Miscellaneous Revenue	936,493	-	710,650	-	-	169,031	1,816,174
<b>Total Revenues</b>	<b>66,556,220</b>	<b>1,623,174</b>	<b>784,798</b>	<b>403,948</b>	<b>2,896,634</b>	<b>6,546,245</b>	<b>78,811,019</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General Government	14,730,287	-	-	-	-	-	14,730,287
Public Safety	24,553,748	-	-	-	-	-	24,553,748
Highways and Public Improvements	3,212,607	-	-	-	-	13,546	3,226,153
Parks, Recreation and Arts	6,933,634	-	-	-	-	1,006,503	7,940,137
Economic and Physical Development	140,279	-	33,171	-	-	428,392	601,842
Redevelopment	-	-	-	-	913,706	-	913,706
<b>Debt Service:</b>							
Principal Retirement	-	1,452,961	-	-	-	75,000	1,527,961
Interest and Fiscal Charges	-	4,922,825	-	-	-	12,452	4,935,277
Capital Leases - Principal	-	435,000	-	-	-	-	435,000
Capital Leases - Interest	-	117,353	-	-	-	-	117,353
<b>Capital Outlay</b>	<b>5,640,065</b>	<b>-</b>	<b>4,081,094</b>	<b>14,904,137</b>	<b>388,038</b>	<b>2,462,932</b>	<b>27,476,266</b>
<b>Total Expenditures</b>	<b>55,210,620</b>	<b>6,928,139</b>	<b>4,114,265</b>	<b>14,904,137</b>	<b>1,301,744</b>	<b>3,998,825</b>	<b>86,457,730</b>
Excess (Deficiency) of Revenues over (under) Expenditures	11,345,600	(5,304,965)	(3,329,467)	(14,500,189)	1,594,890	2,547,420	(7,646,711)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from Asset Disposals	460,045	-	233,990	-	-	10,000	704,035
Transfers In	2,599,627	4,188,350	5,283,681	-	-	-	12,071,658
Transfers Out	(10,547,691)	-	(33,615)	-	(740,831)	(350,239)	(11,672,376)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,488,019)</b>	<b>4,188,350</b>	<b>5,484,056</b>	<b>-</b>	<b>(740,831)</b>	<b>(340,239)</b>	<b>1,103,317</b>
<b>Net Change in Fund Balances</b>	<b>3,857,581</b>	<b>(1,116,615)</b>	<b>2,154,589</b>	<b>(14,500,189)</b>	<b>854,059</b>	<b>2,207,181</b>	<b>(6,543,394)</b>
Fund Balance - Beginning	27,494,417	3,878,330	16,015,349	25,466,642	5,840,229	8,550,791	87,245,758
<b>Fund Balance - Ending</b>	<b>\$ 31,351,998</b>	<b>\$ 2,761,715</b>	<b>\$ 18,169,938</b>	<b>\$ 10,966,453</b>	<b>\$ 6,694,288</b>	<b>\$ 10,757,972</b>	<b>\$ 80,702,364</b>

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

**City of Orem**  
**Reconciliation of The Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To The Statement of Activities**  
**For The Year Ended June 30, 2020**

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

Net Change in Fund Balances - Total Governmental Funds		\$	(6,543,394)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>			
Capital Asset Purchases Capitalized		\$	26,156,554
Depreciation Expense			(6,643,634)
			19,512,920
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds.</p>			
Principal Payments recorded as a reduction of the long-term liability		\$	1,962,961
			1,962,961
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities.</p>			
Amortization of Bond Refundings - Loss on Defeasance		\$	(38,865)
Amortization of Bond Premiums (Discounts)			209,650
			170,786
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</p>			
Compensated Absences		\$	(128,549)
Interest Expense			149,276
Pension Expense			(283,736)
Other Post Employment Benefits (OPEB) Expense			38,456
			(224,553)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Special Assessment Revenues		\$	13,744
Charges for Services Revenues			(58,830)
Gain (Loss) on Sale of Capital Assets			(380,569)
Pension Revenues - Nonemployer Contributions			554,707
			129,052
<p>Internal service funds are used by management to charge the costs of fleet management, purchasing/warehousing and self-insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>			
			1,047,514
Change in Net Position of Governmental Activities		\$	16,055,286

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and Special Assessments	\$ 38,644,768	\$ 38,644,768	\$ 38,642,143	\$ (2,625)
Licenses and Permits	1,515,000	1,515,000	1,661,515	146,515
Intergovernmental	3,598,500	4,023,140	8,942,825	4,919,685
Charges for Services	8,498,797	8,524,954	8,648,655	123,701
Fines and Forfeitures	1,426,300	1,560,135	1,386,474	(173,661)
Charges for Services - Other Funds	5,039,118	5,039,118	5,039,118	-
Investment Earnings	800,000	800,000	1,298,997	498,997
Miscellaneous Revenues	593,900	770,275	936,493	166,218
Total Revenues	<u>60,116,383</u>	<u>60,877,390</u>	<u>66,556,220</u>	<u>5,678,830</u>
<b>EXPENDITURES</b>				
General Government:				
Legislative	444,255	444,642	406,367	38,275
Executive	4,006,014	4,504,312	3,565,586	938,726
Finance	4,216,173	4,253,775	3,931,625	322,150
Development Services	4,413,526	4,682,505	3,862,188	820,317
Legal Services	1,348,214	1,346,048	1,273,018	73,030
Other - Unclassified	2,604,704	2,108,917	1,874,064	234,853
Total General Government	<u>17,032,886</u>	<u>17,340,199</u>	<u>14,912,848</u>	<u>2,427,351</u>
Public Safety:				
Police	15,922,008	17,415,215	16,328,313	1,086,902
Fire	10,663,532	12,147,216	10,323,424	1,823,792
Total Public Safety	<u>26,585,540</u>	<u>29,562,431</u>	<u>26,651,737</u>	<u>2,910,694</u>
Highways and Public Improvements:				
Administration	524,328	545,619	508,728	36,891
Traffic and Streets	6,008,235	8,237,904	5,876,387	2,361,517
Total Highways and Public Improvements	<u>6,532,563</u>	<u>8,783,523</u>	<u>6,385,115</u>	<u>2,398,408</u>
Parks, Recreation and Arts	7,582,555	8,158,741	7,120,641	1,038,100
Economic and Physical Development	294,080	316,906	140,279	176,627
Total Expenditures	<u>58,027,624</u>	<u>64,161,800</u>	<u>55,210,620</u>	<u>8,774,553</u>
Excess of Revenues over Expenditures	<u>2,088,759</u>	<u>(3,284,410)</u>	<u>11,345,600</u>	<u>14,630,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Asset Disposals	25,000	25,000	460,045	435,045
Transfers In	2,646,901	2,646,393	2,599,627	(46,766)
Transfers Out	(5,651,010)	(10,784,691)	(10,547,691)	237,000
Total Other Financing Sources (Uses)	<u>(2,979,109)</u>	<u>(8,113,298)</u>	<u>(7,488,019)</u>	<u>625,279</u>
Net Change in Fund Balance	<u>(890,350)</u>	<u>(11,397,708)</u>	<u>3,857,581</u>	<u>15,255,289</u>
Fund Balance - Beginning	27,494,417	27,494,417	27,494,417	-
Fund Balance - Ending	<u>\$ 26,604,067</u>	<u>\$ 16,096,709</u>	<u>\$ 31,351,998</u>	<u>\$ 15,255,289</u>

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

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ -	\$ 1,223,611	\$ 1,193,526	\$ (30,085)
Property Taxes - Tax Increment	2,410,000	1,573,778	1,573,778	-
Investment Earnings	-	130,000	129,330	(670)
Total Revenues	<u>2,410,000</u>	<u>2,927,389</u>	<u>2,896,634</u>	<u>(30,755)</u>
<b>EXPENDITURES</b>				
Current:				
Redevelopment	1,667,664	990,782	913,706	77,076
Capital Outlay	-	6,722,816	388,038	6,334,778
Total Expenditures	<u>1,667,664</u>	<u>7,713,598</u>	<u>1,301,744</u>	<u>6,411,854</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>742,336</u>	<u>(4,786,209)</u>	<u>1,594,890</u>	<u>6,381,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(742,336)	(742,336)	(740,831)	1,505
Total Other Financing Sources (Uses)	<u>(742,336)</u>	<u>(742,336)</u>	<u>(740,831)</u>	<u>1,505</u>
Net Change in Fund Balance	-	(5,528,545)	854,059	6,382,604
Fund Balance - Beginning	5,840,229	5,840,229	5,840,229	-
Fund Balance - Ending	<u>\$ 5,840,229</u>	<u>\$ 311,684</u>	<u>\$ 6,694,288</u>	<u>\$ 6,382,604</u>

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

City of Orem  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Business-type Activities - Enterprise Funds					
	Water Fund		Water Reclamation Fund		Storm Water Fund	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 30,318,763	\$ 23,689,374	\$ 17,485,355	\$ 13,048,909	\$ 8,836,490	\$ 6,544,697
Accounts Receivable (Net of Allowance for Doubtful Accounts)	2,438,379	2,210,167	1,327,417	1,297,346	484,138	488,531
Inventories						
Prepays						
Restricted Cash & Cash Equivalents:						
Debt Service	1,681,258	1,704,761	476,000	416,500		
Capital Improvements	289,880	250,058	614,794	588,240	153,132	145,291
<b>Total Current Assets</b>	<b>34,728,280</b>	<b>27,604,360</b>	<b>19,903,566</b>	<b>15,350,995</b>	<b>8,973,760</b>	<b>7,178,519</b>
Noncurrent Assets:						
Capital Assets:						
Land			570,209	570,209	3,278,720	3,278,720
Buildings and Systems	903,086	903,086	3,097,885	3,097,885	679,293	679,293
Improvements other than Buildings	9,262,916	9,262,916	2,028,934	2,028,934	115,667	115,667
Machinery and Equipment	3,278,485	3,134,180	6,813,077	6,508,753	2,570,729	2,479,978
Infrastructure	63,651,782	58,476,549	48,484,574	46,724,780	19,453,299	18,805,721
Construction in Progress	753,294	2,006,870	1,232,152	697,608	415,232	350,000
Intangibles	997,276	997,276	195,900	99,200	21,514	21,514
Less Accumulated Depreciation	(33,228,924)	(30,834,904)	(33,944,279)	(32,159,710)	(9,378,388)	(8,730,164)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>45,617,915</b>	<b>43,945,973</b>	<b>28,478,452</b>	<b>27,567,659</b>	<b>17,156,066</b>	<b>17,000,729</b>
<b>Total Noncurrent Assets</b>	<b>45,617,915</b>	<b>43,945,973</b>	<b>28,478,452</b>	<b>27,567,659</b>	<b>17,156,066</b>	<b>17,000,729</b>
<b>Total Assets</b>	<b>80,346,195</b>	<b>71,750,333</b>	<b>48,382,018</b>	<b>42,918,654</b>	<b>26,129,826</b>	<b>24,179,248</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Debt Refundings	589,436	683,008			138,152	165,554
Pensions	370,993	866,320	287,258	601,894	204,276	347,656
<b>Total Deferred Outflows of Resources</b>	<b>960,429</b>	<b>1,549,328</b>	<b>287,258</b>	<b>601,894</b>	<b>342,428</b>	<b>513,210</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 81,306,624</b>	<b>\$ 73,299,661</b>	<b>\$ 48,669,276</b>	<b>\$ 43,520,548</b>	<b>\$ 26,472,254</b>	<b>\$ 24,692,458</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 1,000,150	\$ 907,774	\$ 404,722	\$ 501,901	\$ 74,623	\$ 41,065
Customer Deposits	106,995	112,503				
Accrued Liabilities	110,722	125,871	101,839	78,548	46,377	36,008
Accrued Vacation Leave	98,942	102,490	121,937	113,188	68,078	62,936
Claims and Judgments						
Unearned Revenue	116,427	103,843				
Accrued Interest Payable	141,857	152,889			25,545	29,570
Capital Leases Payable - Current Portion						
Bonds Payable - Current Portion	1,148,969	1,145,305	594,000	594,000	415,942	415,606
<b>Total Current Liabilities</b>	<b>2,724,062</b>	<b>2,650,675</b>	<b>1,221,898</b>	<b>1,287,632</b>	<b>630,565</b>	<b>585,185</b>
Noncurrent Liabilities:						
Accrued Vacation Leave	5,207	5,394	6,386	5,957	3,582	3,313
Claims and Judgments						
Capital Leases Payable - Long-term Portion						
Bonds Payable - Long-term Portion	9,839,452	10,988,421	6,543,000	7,137,000	2,205,703	2,621,646
Net Pension Liability	483,857	1,219,879	374,648	847,537	266,423	489,542
<b>Total Noncurrent Liabilities</b>	<b>10,328,516</b>	<b>12,213,694</b>	<b>6,924,034</b>	<b>7,990,494</b>	<b>2,475,708</b>	<b>3,114,501</b>
<b>Total Liabilities</b>	<b>13,052,578</b>	<b>14,864,369</b>	<b>8,145,932</b>	<b>9,278,126</b>	<b>3,106,273</b>	<b>3,699,686</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions	267,344	81,137	207,003	56,371	147,205	32,560
<b>Total Deferred Inflows of Resources</b>	<b>267,344</b>	<b>81,137</b>	<b>207,003</b>	<b>56,371</b>	<b>147,205</b>	<b>32,560</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	35,218,930	32,495,256	21,341,452	19,836,660	14,672,573	14,129,031
Restricted for Debt Service	1,681,258	1,704,761	476,000	416,500		
Restricted for Capital Improvements	289,880	250,058	614,794	588,240	153,132	145,291
Unrestricted	30,796,634	23,904,080	17,884,095	13,344,651	8,393,071	6,685,890
<b>Total Net Position</b>	<b>67,986,702</b>	<b>58,354,155</b>	<b>40,316,341</b>	<b>34,186,051</b>	<b>23,218,776</b>	<b>20,960,212</b>
<b>Total Liabilities, Deferred Inflows of Resources, &amp; Net Position</b>	<b>\$ 81,306,624</b>	<b>\$ 73,299,661</b>	<b>\$ 48,669,276</b>	<b>\$ 43,520,548</b>	<b>\$ 26,472,254</b>	<b>\$ 24,692,458</b>

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

Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities Internal Service Funds Current Year
\$ 4,082,003	\$ 3,722,121	\$ 60,222,611	\$ 46,955,101	\$ 4,768,575
543,037	557,075	4,792,971	4,553,119	-
-	-	-	-	341,494
-	-	-	-	30,116
-	-	2,157,258	2,121,261	-
-	-	1,057,806	983,589	-
4,625,040	4,279,196	68,230,646	54,613,070	5,140,185
39,822	39,822	3,888,751	3,888,751	-
4,125,955	4,125,955	8,806,219	8,806,219	150,000
1,911,903	1,911,903	13,319,420	13,319,420	-
162,207	127,513	12,824,498	12,250,424	437,026
2,902,951	2,517,096	134,492,606	126,524,146	-
3,599	-	2,404,277	3,054,478	51,229
-	-	1,214,690	1,117,990	-
(6,245,143)	(6,031,295)	(82,796,734)	(77,756,073)	(322,424)
2,901,294	2,690,994	94,153,727	91,205,355	315,831
2,901,294	2,690,994	94,153,727	91,205,355	315,831
7,526,334	6,970,190	162,384,373	145,818,425	5,456,016
-	-	727,588	848,562	-
101,951	192,076	964,478	2,007,946	419,032
101,951	192,076	1,692,066	2,856,508	419,032
\$ 7,628,285	\$ 7,162,266	\$ 164,076,439	\$ 148,674,933	\$ 5,875,048
\$ 341,384	\$ 335,585	\$ 1,820,879	\$ 1,786,325	\$ 54,340
72,191	(67,597)	106,995	112,503	-
42,858	34,168	331,129	348,019	103,475
-	-	331,215	312,782	152,239
-	-	-	-	372,692
87,696	146,943	204,123	450,786	-
-	-	167,402	182,439	-
-	-	-	-	23,194
-	-	2,158,911	2,154,911	-
544,129	824,293	5,120,654	5,347,785	705,840
2,255	1,799	17,430	16,463	8,012
-	-	-	-	696,728
-	-	-	-	30,130
-	-	18,588,155	20,747,067	-
132,965	270,465	1,257,893	2,827,423	546,511
135,220	272,264	19,863,478	23,590,953	1,281,381
679,349	1,096,557	24,984,132	28,938,738	1,987,221
73,468	17,990	695,020	188,058	301,963
73,468	17,990	695,020	188,058	301,963
2,901,294	2,690,994	74,134,249	69,151,941	262,507
-	-	2,157,258	2,121,261	-
-	-	1,057,806	983,589	-
3,974,174	3,356,725	61,047,974	47,291,346	3,323,357
6,875,468	6,047,719	138,397,287	119,548,137	3,585,864
\$ 7,628,285	\$ 7,162,266	\$ 164,076,439	\$ 148,674,933	\$ 5,875,048

City of Orem  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For The Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				
	Water Fund	Water Fund	Water Reclamation Fund	Water Reclamation Fund	Storm Water Fund
	Current Year	Prior Year	Current Year	Prior Year	Current Year
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 18,138,800	\$ 16,599,238	\$ 12,635,219	\$ 10,742,759	\$ 5,001,523
Other Revenues	2,682,617	2,334,858	435,565	776,378	49,401
Total Operating Revenues	<u>20,821,417</u>	<u>18,934,096</u>	<u>13,070,784</u>	<u>11,519,137</u>	<u>5,050,924</u>
<b>OPERATING EXPENSES</b>					
Personnel Services	2,446,818	2,536,949	2,255,001	2,203,780	1,049,671
Supplies and Maintenance	729,684	807,759	671,779	708,953	238,990
Administrative Fee	1,452,347	1,330,443	891,001	799,876	384,669
Utilities	622,432	645,310	615,903	737,286	7,953
Contract Services	3,654,139	3,502,523	729,261	665,490	330,961
Equipment Lease and Rentals	48,638	26,062	2,335	2,028	7,675
Insurance	178,740	158,740	132,580	117,580	55,180
Charges in Lieu of Property Tax	71,787	71,787	52,665	52,665	29,316
Depreciation Expense	2,598,250	2,450,650	1,831,040	1,878,848	845,561
Miscellaneous	164,805	145,765	162,219	155,527	83,395
Total Operating Expenses	<u>11,967,640</u>	<u>11,675,988</u>	<u>7,343,784</u>	<u>7,322,033</u>	<u>3,033,371</u>
Operating Income (Loss)	<u>8,853,777</u>	<u>7,258,108</u>	<u>5,727,000</u>	<u>4,197,104</u>	<u>2,017,553</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>					
Investment Earnings	542,809	593,920	290,071	270,382	130,790
Gain (Loss) on Sale of Capital Assets	(17,628)	5,346	(7,982)	1,769	100
Impact Fee Expenditures	(767,866)	(1,360,079)	(196,888)	(195,051)	(15,597)
Interest Expense	(303,705)	(325,379)	-	-	(70,805)
Total Nonoperating Revenues & Expenses	<u>(546,390)</u>	<u>(1,086,192)</u>	<u>85,201</u>	<u>77,100</u>	<u>44,488</u>
Income (Loss) before Transfers and Contributions	8,307,387	6,171,916	5,812,201	4,274,204	2,062,041
Contributions - Impact Fees & Developers	2,125,400	2,437,797	540,985	1,522,171	513,556
Transfers In	172,705	166,027	-	-	-
Transfers Out	(972,945)	(973,505)	(222,896)	(213,453)	(317,033)
Change in Net Position	9,632,547	7,802,235	6,130,290	5,582,922	2,258,564
Total Net Position - Beginning	58,354,155	50,551,920	34,186,051	28,603,129	20,960,212
Total Net Position - Ending	<u>\$ 67,986,702</u>	<u>\$ 58,354,155</u>	<u>\$ 40,316,341</u>	<u>\$ 34,186,051</u>	<u>\$ 23,218,776</u>

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

Storm Water Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities
					Internal Service Funds Current Year
\$ 4,742,879	\$ 5,697,036	\$ 6,378,270	\$ 41,472,578	\$ 38,463,146	\$ 5,604,778
32,940	61,408	290,910	3,228,991	3,435,086	10,244
<u>4,775,819</u>	<u>5,758,444</u>	<u>6,669,180</u>	<u>44,701,569</u>	<u>41,898,232</u>	<u>5,615,022</u>
913,029	1,021,331	1,512,637	6,772,821	7,166,395	2,226,590
233,831	394,538	372,243	2,034,991	2,122,786	2,240,278
335,342	326,094	324,396	3,054,111	2,790,057	-
6,216	223,789	431,367	1,470,077	1,820,179	-
338,666	3,724,937	3,309,199	8,439,298	7,815,878	-
2,487	1,230	780	59,878	31,357	-
48,180	27,000	26,500	393,500	351,000	-
29,316	-	-	153,768	153,768	-
764,195	179,154	172,687	5,454,005	5,266,380	42,771
80,180	119,952	130,513	530,371	511,985	-
<u>2,751,442</u>	<u>6,018,025</u>	<u>6,280,322</u>	<u>28,362,820</u>	<u>28,029,785</u>	<u>4,509,639</u>
<u>2,024,377</u>	<u>(259,581)</u>	<u>388,858</u>	<u>16,338,749</u>	<u>13,868,447</u>	<u>1,105,383</u>
140,308	73,575	84,048	1,037,245	1,088,658	-
-	49	-	(25,461)	7,115	16,333
(6,252)	-	-	(980,351)	(1,561,382)	-
(79,595)	-	-	(374,510)	(404,974)	(1,383)
<u>54,461</u>	<u>73,624</u>	<u>84,048</u>	<u>(343,077)</u>	<u>(870,583)</u>	<u>14,950</u>
2,078,838	(185,957)	472,906	15,995,672	12,997,864	1,120,333
236,733	-	-	3,179,941	4,196,701	-
-	1,525,000	1,180,000	1,697,705	1,346,027	-
(293,994)	(511,294)	(502,350)	(2,024,168)	(1,983,302)	(72,819)
<u>2,021,577</u>	<u>827,749</u>	<u>1,150,556</u>	<u>18,849,150</u>	<u>16,557,290</u>	<u>1,047,514</u>
<u>18,938,635</u>	<u>6,047,719</u>	<u>4,897,163</u>	<u>119,548,137</u>	<u>102,990,847</u>	<u>2,538,350</u>
<u>\$ 20,960,212</u>	<u>\$ 6,875,468</u>	<u>\$ 6,047,719</u>	<u>\$ 138,397,287</u>	<u>\$ 119,548,137</u>	<u>\$ 3,585,864</u>

**City of Orem**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds			
	Water Fund Current Year	Water Fund Prior Year	Water Reclamation Fund Current Year	Water Reclamation Fund Prior Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 20,605,789	\$ 19,531,116	\$ 13,040,713	\$ 11,280,349
Receipts from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(5,383,357)	(5,997,154)	(2,463,921)	(3,002,467)
Payments for Personnel	(2,520,190)	(2,445,654)	(2,230,748)	(2,223,105)
Payments for Interfund Services Used	(1,452,347)	(1,330,443)	(891,001)	(799,876)
Net Cash Provided (Used) by Operating Activities	<u>11,249,895</u>	<u>9,757,865</u>	<u>7,455,043</u>	<u>5,254,901</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	172,705	166,027	-	-
Transfers Out	(972,945)	(973,505)	(222,896)	(213,453)
Net Cash Provided (Used) by Noncapital Activities	<u>(800,240)</u>	<u>(807,478)</u>	<u>(222,896)</u>	<u>(213,453)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(3,149,071)	(4,370,143)	(2,559,775)	(1,378,936)
Proceeds from Sales of Capital Assets	19,756	70,013	19,520	143,093
Receipts from Impact Fees Collected	966,895	1,610,137	331,425	629,291
Payments to Developers - Impact Fees	(767,866)	(1,360,079)	(196,888)	(195,051)
Principal paid on Outstanding Debt	(1,056,090)	(969,380)	(594,000)	(594,000)
Interest paid on Outstanding Debt	(310,380)	(331,261)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,296,756)</u>	<u>(5,350,713)</u>	<u>(2,999,718)</u>	<u>(1,395,603)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment Earnings	542,809	593,920	290,071	270,382
Net Cash Provided (Used) by Investing Activities	<u>542,809</u>	<u>593,920</u>	<u>290,071</u>	<u>270,382</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,695,708	4,193,594	4,522,500	3,916,227
Cash and Cash Equivalents - Beginning of Year	25,594,193	21,400,599	14,053,649	10,137,422
Cash and Cash Equivalents - End of Year	<u>\$ 32,289,901</u>	<u>\$ 25,594,193</u>	<u>\$ 18,576,149</u>	<u>\$ 14,053,649</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 8,853,777	\$ 7,258,108	\$ 5,727,000	\$ 4,197,104
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 2,598,250	\$ 2,450,650	\$ 1,831,040	\$ 1,878,848
(Increase) Decrease in Receivables	(228,212)	572,990	(30,071)	(238,788)
(Increase) Decrease in Inventory	-	-	-	-
(Increase) Decrease in Pension Assets	495,327	(177,076)	314,636	(19,177)
Increase (Decrease) in Accounts Payable	92,376	(648,355)	(97,179)	(562,938)
Increase (Decrease) in Customer Deposits	(5,508)	9,147	-	-
Increase (Decrease) in Accrued Liabilities	(15,149)	42,389	23,296	(2,242)
Increase (Decrease) in Unearned Revenue	12,584	24,030	-	-
Increase (Decrease) in Accrued Vacation Leave	(3,735)	(2,104)	8,578	5,288
Increase (Decrease) in Pension Liabilities	(549,815)	228,086	(322,257)	(3,194)
Increase (Decrease) in Claims and Judgments	-	-	-	-
Total Adjustments	<u>2,396,118</u>	<u>2,499,757</u>	<u>1,728,043</u>	<u>1,057,797</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,249,895</u>	<u>\$ 9,757,865</u>	<u>\$ 7,455,043</u>	<u>\$ 5,254,901</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Contributions of Capital Assets from Developers	\$ 1,158,505	\$ 827,660	\$ 209,560	\$ 892,880

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

Storm Water Fund Current Year	Storm Water Fund Prior Year	Other Enterprise Funds Current Year	Other Enterprise Funds Prior Year	Total Current Year	Total Prior Year	Governmental Activities Internal Service Funds
\$ 5,055,317	\$ 4,734,861	\$ 5,772,482	\$ 6,642,996	\$ 44,474,301	\$ 42,189,322	\$ -
(719,912)	(945,318)	(4,746,388)	(4,337,709)	(13,313,578)	(14,282,648)	5,615,022
(998,985)	(881,301)	(1,037,994)	(1,507,338)	(6,787,917)	(7,057,398)	(2,563,424)
(384,669)	(335,342)	(326,094)	(324,396)	(3,054,111)	(2,790,057)	(2,259,281)
2,951,751	2,572,900	(337,994)	473,553	21,318,695	18,059,219	792,317
-	-	1,525,000	1,180,000	1,697,705	1,346,027	-
(317,033)	(293,994)	(511,294)	(502,350)	(2,024,168)	(1,983,302)	(72,819)
(317,033)	(293,994)	1,013,706	677,650	(326,463)	(637,275)	(72,819)
(616,540)	(1,460,085)	(389,454)	(212,136)	(6,714,840)	(7,421,300)	(83,632)
100	-	49	-	39,425	213,106	1,810
129,198	(147,625)	-	-	1,427,518	2,091,803	(83,632)
(15,597)	(6,252)	-	-	(980,351)	(1,561,382)	-
(402,910)	(410,620)	-	-	(2,053,000)	(1,974,000)	(26,605)
(60,125)	(68,992)	-	-	(370,505)	(400,253)	(1,383)
(965,874)	(2,093,574)	(389,405)	(212,136)	(8,651,753)	(9,052,026)	(193,442)
130,790	140,308	73,575	84,048	1,037,245	1,088,658	-
130,790	140,308	73,575	84,048	1,037,245	1,088,658	-
1,799,634	325,640	359,882	1,023,115	13,377,724	9,458,576	526,056
6,689,988	6,364,348	3,722,121	2,699,006	50,059,951	40,601,375	4,158,887
\$ 8,489,622	\$ 6,689,988	\$ 4,082,003	\$ 3,722,121	\$ 63,437,675	\$ 50,059,951	\$ 4,684,943
\$ 2,017,553	\$ 2,024,377	\$ (259,581)	\$ 388,858	\$ 16,338,749	\$ 13,868,447	\$ 1,105,383
\$ 845,561	\$ 764,195	\$ 179,154	\$ 172,687	\$ 5,454,005	\$ 5,266,380	\$ 42,771
4,393	(40,958)	14,038	(26,184)	(239,852)	267,060	-
-	-	-	-	-	-	(18,931)
143,380	(91,942)	90,125	(12,143)	1,043,468	(300,338)	519,526
33,558	(206,442)	5,799	20,032	34,554	(1,397,703)	(12,212)
-	-	-	-	(5,508)	9,147	-
10,369	4,501	(35,406)	17,424	(16,890)	62,072	18,169
-	-	(259,247)	(87,367)	(246,663)	(63,337)	-
5,411	(4,868)	9,146	(8,111)	19,400	(9,795)	8,810
(108,474)	124,037	(82,022)	8,357	(1,062,568)	357,286	(561,027)
-	-	-	-	-	-	(309,711)
934,198	548,523	(78,413)	84,695	4,979,946	4,190,772	(313,066)
\$ 2,951,751	\$ 2,572,900	\$ (337,994)	\$ 473,553	\$ 21,318,695	\$ 18,059,219	\$ 792,317
\$ 384,358	\$ 115,178	\$ -	\$ -	\$ 1,752,423	\$ 1,835,718	\$ -



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**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020

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, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The City reports the following major governmental funds:

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

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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 *2019 G.O. Bonds Capital Projects Fund* is used to account for the expenditure of general obligation bond funds for the construction of two new city facilities (Library Hall and Fitness Center).
- The *Redevelopment Agency Special Revenue Fund* is used improve, rehabilitate and redevelop various project areas within the City.

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.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

1. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools 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.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

2. Receivables and Payables

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

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

3. 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.



City of Orem  
Notes to the Financial Statements  
June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

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.

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).

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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

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

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

*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.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

1. **Summary of Significant Accounting Policies (continued)**

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

*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.

*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

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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)

primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items

When capital assets used in governmental activities are purchased or constructed, the cost of these capital assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes these capital assets among the assets of the City as a whole.

Cost of Capital Assets	\$ 308,330,553
Accumulated Depreciation	(140,331,734)
Net adjustment to increase <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position</i> - <i>governmental activities</i>	\$ 167,998,819

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, 2020 were as follows:

<u>Long-term Liability Type</u>	
General Obligation Bonds	\$ 29,620,000
Capital Leases	5,513,323
Less: Internal Service Funds - Current Portion	(23,194)
Sales Tax Revenue Bonds	856,000
Notes Payable	562,186
Bond Premiums Deferred	3,881,880
Compensated Absences	2,218,836
Less: Internal Service Funds - Current Portion	(152,239)
Net Pension Obligations	7,255,064
Net OPEB Obligations	157,627
Claims and Judgments	1,069,320
Less: Internal Service Funds - Current Portion	(372,592)
Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position</i> - <i>governmental activities</i>	\$ 50,586,212

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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	\$	940,000
Sales Tax Revenue Bonds		352,000
Capital Leases		435,000
Notes Payable		105,961
Special Improvement District Bonds		130,000
Subtotal		<u>1,962,961</u>
Net adjustment to increase <i>net changes in fund balance</i> - total governmental funds to arrive at <i>changes in net position of governmental activities</i>	\$	<u>1,962,961</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, 2020

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, 2020

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, 2020, are as follows:

Cash on Hand & On Deposit	Fair Value
Cash on Hand	\$ 77,248
Cash on Deposit - Checking	2,020,219
Cash on Deposit - Payroll	1,044,100
Total Cash on Hand & On Deposit	\$ 3,141,567

*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, 2020, \$3,903,127 of the City's bank balance of \$4,265,300 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at June 30, 2020, is \$3,141,567.

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, 2020

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:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Debt Securities:</b>				
Utah Public Treasurer's Investment Fund	\$ 122,020,633	\$ -	\$ 122,020,633	\$ -
Zions Bank Inst. Liquidity Management Fund	10,781,822	10,781,822	-	-
Moreton Asset Management Fund	12,251,110	12,251,110	-	-
<b>Total Debt Securities</b>	<b>145,053,565</b>	<b>23,032,932</b>	<b>122,020,633</b>	<b>-</b>
<b>Total Investments by Fair Value Level</b>	<b>\$ 145,053,565</b>	<b>\$ 23,032,932</b>	<b>\$ 122,020,633</b>	<b>\$ -</b>
<b>Total Investments Measured at Fair Value</b>	<b>\$ 145,053,565</b>			



City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, 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, 2020, are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<b>Debt Securities:</b>					
Utah Public Treasurer's Investment Fund	\$ 122,020,633	\$ 122,020,633	\$ -	\$ -	\$ -
Zions Bank Inst. Liquidity Management Fund	10,781,822	8,255,340	2,526,482	-	-
Moreton Asset Management Fund	12,251,110	3,308,295	8,942,815	-	-
<b>Total Debt Securities</b>	<b>\$ 145,053,565</b>	<b>\$ 133,584,268</b>	<b>\$ 11,469,297</b>	<b>\$ -</b>	<b>\$ -</b>

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, are presented below:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
<b>Debt Securities:</b>					
Utah Public Treasurer's Investment Fund	\$ 122,020,633	\$ -	\$ -	\$ -	\$ 122,020,633
Zions Bank Inst. Liquidity Management Fund	10,781,822	1,443	427,484	2,717,538	7,635,857
Moreton Asset Management Fund	12,251,110	413,307	3,260,684	7,220,536	1,356,588
<b>Total Debt Securities</b>	<b>\$ 145,053,565</b>	<b>\$ 414,750</b>	<b>\$ 3,688,168</b>	<b>\$ 9,938,074</b>	<b>\$ 131,012,573</b>

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

Most of the City's investments at June 30, 2020, 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 \$10,781,822 invested in the ILM Fund, none of the related securities are uninsured or unregistered. The investments in the Moreton Asset Management Fund have custodial credit risk exposure. Of the \$12,251,110 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, 2020

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, 2020, 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, 2020

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, 2020) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2020, the City had \$121,581,325 invested in the PTIF which had a fair value of \$122,020,633 for an unrealized gain of \$439,308.

The following table shows statistical information about this investment pool:

Investment Type	Investment Percentage
Corporate Bonds and Notes	77.74 %
Money Market Accounts and Certificates of Deposit	16.02 %
U.S. Government Securities	6.24 %
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, 2020

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, 2020, the City had \$10,806,379 invested in the ILM which had a fair value of \$10,781,822 for an unrealized loss of \$24,557.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	29.17 %
Money Market Accounts and Certificates of Deposit	70.83 %
U.S. Government Securities	0.00 %
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, 2020, the City had \$12,127,230 invested in the Moreton Asset Management Fund which had a fair value of \$12,251,109 for an unrealized gain of \$123,879.

The following table shows statistical information about this fund:

Investment Type	Investment Percentage
Corporate Bonds and Notes	61.24 %
Money Market Accounts and Certificates of Deposit	35.88 %
U.S. Government Securities	2.88 %
Total	100.00 %

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, as summarized below, has been shown in the government-wide Statement of Net Position as follows:

Housing Rehabilitation Loans	\$ 188,829
Business Development Loans	<u>209,636</u>
Total	<u><u>\$ 398,465</u></u>

E. Receivables

All receivables are expected to be collected within one year except for \$671,804 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, 2020, the various components of *deferred* and *unearned revenues* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes Receivable	\$ 9,549,220	\$ 9,549,220
Accounts and Notes Receivable	182,466	-
Donations and Other Funds to be Used for Specific Programs	-	1,374,883
Grant & Other Money Used in Revolving Loan Programs	398,465	-
Special Assessments not yet Due	32,917	-
Total Deferred & Unearned Revenues for Governmental Funds	<u>\$ 10,163,068</u>	<u>\$ 10,924,103</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2020

4. Detailed Notes for all Funds (continued)

E. Receivables (continued)

Receivables as of June 30, 2020, 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	\$ 5,664,424	\$ -	\$ 5,664,424
Other Taxes	5,044,041	-	5,044,041
Special Assessments	32,917	-	32,917
Intergovernmental	5,628,460	-	5,628,460
Accounts	1,331,964	(611,467)	720,497
	<u>17,701,806</u>	<u>(611,467)</u>	<u>17,090,339</u>
Debt Service:			
Property Taxes	1,474,796	-	1,474,796
Notes Receivable	32,808,822	(32,808,822)	-
	<u>34,283,618</u>	<u>(32,808,822)</u>	<u>1,474,796</u>
Capital Projects:			
Accounts	22,182	-	22,182
	<u>22,182</u>	<u>-</u>	<u>22,182</u>
Redevelopment Agency:			
Property Taxes	2,410,000	-	2,410,000
	<u>2,410,000</u>	<u>-</u>	<u>2,410,000</u>
Nonmajor Funds:			
Other Taxes	794,333	-	794,333
Intergovernmental	194,451	-	194,451
Notes Receivable	844,016	(97,109)	746,907
	<u>1,832,800</u>	<u>(97,109)</u>	<u>1,735,691</u>
Subtotal - Governmental Activities	<u>56,250,406</u>	<u>(33,517,398)</u>	<u>22,733,008</u>
<u>Business-type Activities</u>			
Water:			
Accounts	2,461,732	(23,353)	2,438,379
Water Reclamation:			
Accounts	1,339,911	(12,494)	1,327,417
Storm Water:			
Accounts	489,115	(4,978)	484,137
Nonmajor Funds:			
Accounts	548,669	(5,631)	543,038
Subtotal - Business-type Activities	<u>4,839,427</u>	<u>(46,456)</u>	<u>4,792,971</u>
Totals	<u>\$ 61,089,833</u>	<u>\$ (33,563,854)</u>	<u>\$ 27,525,979</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2020

4. Detailed Notes for all Funds (continued)

F. Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 65,413,637	\$ 13,992	\$ (231,790)	\$ 65,195,839
Construction in Progress	1,443,114	24,588,667	(3,554,098)	22,477,683
Total Capital Assets, not being depreciated	<u>66,856,751</u>	<u>24,602,659</u>	<u>(3,785,888)</u>	<u>87,673,522</u>
Capital Assets, being depreciated:				
Buildings and Systems	32,881,587	-	-	32,881,587
Improvements other than Buildings	38,053,390	919,204	-	38,972,594
Machinery and Equipment	23,424,020	2,212,750	(1,230,291)	24,406,479
Infrastructure	122,199,943	2,196,428	-	124,396,371
Total Capital Assets, being depreciated	<u>216,558,940</u>	<u>5,328,382</u>	<u>(1,230,291)</u>	<u>220,657,031</u>
Less Accumulated Depreciation for:				
Buildings and Systems	(22,110,908)	(943,449)	-	(23,054,357)
Improvements other than Buildings	(23,604,581)	(1,475,975)	-	(25,080,556)
Machinery and Equipment	(15,903,678)	(1,677,686)	959,277	(16,622,087)
Infrastructure	(72,985,439)	(2,589,295)	-	(75,574,734)
Total Accumulated Depreciation	<u>(134,604,606)</u>	<u>(6,686,405)</u>	<u>959,277</u>	<u>(140,331,734)</u>
Total Capital Assets, being depreciated, net	<u>81,954,334</u>	<u>(1,358,023)</u>	<u>(271,014)</u>	<u>80,325,297</u>
Governmental Activities Capital Assets, net	<u>\$ 148,811,085</u>	<u>\$ 23,244,636</u>	<u>\$ (4,056,902)</u>	<u>\$ 167,998,819</u>



City of Orem  
Notes to the Financial Statements  
June 30, 2020

4. Detailed Notes for all Funds (continued)

F. Capital Assets (continued)

Business-type activities capital asset activity for the year ended June 30, 2020, 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	1,117,990	96,700	-	1,214,690
Construction in Progress	3,054,478	5,559,988	(6,210,189)	2,404,277
Total Capital Assets, not being depreciated	<u>8,061,219</u>	<u>5,656,688</u>	<u>(6,210,189)</u>	<u>7,507,718</u>
Capital Assets, being depreciated:				
Buildings and Systems	8,806,219	-	-	8,806,219
Improvements other than Buildings	13,319,420	-	-	13,319,420
Machinery and Equipment	12,250,424	1,086,999	(512,925)	12,824,498
Infrastructure	126,524,146	7,968,460	-	134,492,606
Total Capital Assets, being depreciated	<u>160,900,209</u>	<u>9,055,459</u>	<u>(512,925)</u>	<u>169,442,743</u>
Less Accumulated Depreciation for:				
Buildings and Systems	(7,902,661)	(93,027)	-	(7,995,688)
Improvements other than Buildings	(7,652,704)	(622,614)	-	(8,275,318)
Machinery and Equipment	(7,306,759)	(1,027,486)	413,344	(7,920,901)
Infrastructure	(54,893,949)	(3,710,878)	-	(58,604,827)
Total Accumulated Depreciation	<u>(77,756,073)</u>	<u>(5,454,005)</u>	<u>413,344</u>	<u>(82,796,734)</u>
Total Capital Assets, being depreciated, net	<u>83,144,136</u>	<u>3,601,454</u>	<u>(99,581)</u>	<u>86,646,009</u>
Business-type Activities Capital Assets, net	<u>\$ 91,205,355</u>	<u>\$ 9,258,142</u>	<u>\$ (6,309,770)</u>	<u>\$ 94,153,727</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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	\$ 347,227
Public Safety	1,449,888
Highway and Streets	3,170,334
Parks, Recreation and Arts	1,476,803
Redevelopment	95,115
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	42,771
Subtotal - Governmental Activities	6,686,405
<u>Business-type Activities</u>	
Water	2,598,250
Water Reclamation	1,831,040
Storm Water	845,561
Recreation	111,462
Street Lighting	67,692
Subtotal - Business-type Activities	5,454,005
Total Depreciation Expense	\$ 12,140,410

Construction Commitments

The City has active construction projects as of June 30, 2020. 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	\$ 3,599,822	\$ 6,505,573
Street Construction and Improvements	2,487,243	2,915,436
Public Facility Construction & Improvements	3,104,054	4,198,357
Park and Recreation Improvements	694,945	1,180,754
Water Reclamation Improvements	1,785,774	2,692,188
Storm Water Improvements	359,000	2,385,000
Total	\$ 12,030,838	\$ 19,877,308

**City of Orem**  
**Notes to the Financial Statements**  
**June 30, 2020**

4. Detailed Notes for all Funds (continued)

**G. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2020, 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	\$ 2,599,627	\$ 10,547,691
Debt Service Fund	4,188,350	-
Capital Projects Fund	5,283,681	33,615
Water Fund	172,705	972,945
Water Reclamation Fund	-	222,896
Storm Water Fund	-	317,033
Nonmajor Governmental Funds	-	1,091,070
Nonmajor Enterprise Funds	1,525,000	511,294
Internal Service Funds	-	72,819
	\$ 13,769,363	\$ 13,769,363

**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, 2020, the City paid premiums of approximately \$223,000 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, 2020, the City paid solid waste tipping fees of approximately \$1,165,000 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, 2020**

**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, 2020, 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, 2020, the City paid UTOPIA approximately \$18,000 in customer service fees. The City also paid \$3,225,045 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, 2020, the City forwarded Contract Utility Enhancement (CUE) agreement receipts of approximately \$68,000 to UIA and paid approximately \$9,000 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, 2020**

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, 2020:

Year ending June 30,	Governmental Activities
2021	\$ 576,018
2022	563,374
2023	555,689
2024	555,183
2025	556,314
2026-2030	2,787,008
2031-2035	563,983
2036-2040	3,924
Total minimum lease payments	6,161,493
Less: Amount representing interest	(648,170)
Present value of net minimum lease payments	<u>\$ 5,513,323</u>

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

	Governmental Activities
Cost of Equipment	\$ 6,292,775
Accumulated Depreciation	(729,546)
Difference	<u>\$ 5,563,229</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, 2020, are as follows:

Purpose	Interest Rates	Amount
Governmental activities:		
2014 Road Construction-Refunding	0.25% to 3.00%	\$ 5,120,000
2019 Public Facilities Construction	3.625% to 5.00%	24,500,000
Total		<u>\$ 29,620,000</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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	
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	1,080,000	1,201,613	2,281,613
2026-2030	2,610,000	5,638,087	8,248,087
2031-2035	3,765,000	4,903,938	8,668,938
2036-2040	5,330,000	3,779,313	9,109,313
2041-2045	7,375,000	2,201,437	9,576,437
2046-2050	5,420,000	345,656	5,765,656
Totals	<u>\$ 29,620,000</u>	<u>\$ 23,164,282</u>	<u>\$ 52,784,282</u>

Revenue Bonds

All of the City's water and storm sewer/water, water quality, franchise tax, and sales tax revenue bonds are payable solely by a pledge and assignment of their associated revenue sources. For additional information regarding the City's pledged revenue coverage, see the table on page 165.

The City has the following revenue bonds outstanding at June 30, 2020:

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, 2020, is \$994,000.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, is \$7,137,000.

*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, 2020, is \$7,627,000.

*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, 2020, is \$4,280,000.

*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, 2020, is \$856,000.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

4. Detailed Notes for all Funds (continued)

J. Long-term Debt (continued)

Revenue Bonds (continued)

Revenue bonds currently outstanding at June 30, 2020, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
Recreation Projects	1.94%	\$ 856,000
Business-type Activities:		
Water	1.48%-4.50%	10,344,429
Wastewater Treatment	0.00%	7,137,000
Storm Water	1.48%-4.50%	2,556,571
		<u>20,038,000</u>
Total		<u>\$ 20,894,000</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	
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	-	-	2,177,000	204,186	2,381,186
2026-2030	-	-	8,270,000	354,809	8,624,809
2031-2035	-	-	1,190,000	-	1,190,000
Totals	<u>\$ 856,000</u>	<u>\$ 31,136</u>	<u>\$ 20,038,000</u>	<u>\$ 1,713,028</u>	<u>\$ 22,638,164</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, 2020, is \$534,930.



City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, is \$27,256.

Notes payable currently outstanding at June 30, 2020, are as follows:

Purpose	Interest Rates	Amount
Governmental Activities:		
HUD Section 108 Loan - Economic Development	Variable	\$ 534,930
Land Purchase - Park	6.00%	27,256
Total		<u>\$ 562,186</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	
2021	\$ 107,256	\$ 26,744	\$ 134,000
2022	80,000	21,788	101,788
2023	85,000	17,456	102,456
2024	95,000	6,516	101,516
2025	95,000	4,005	99,005
2026-2030	99,930	1,369	101,299
Totals	<u>\$ 562,186</u>	<u>\$ 77,878</u>	<u>\$ 640,064</u>

Changes in Long-term Liabilities

Changes in bonds payable, deferred items, capital leases, and compensated absences during the fiscal year ended June 30, 2020, are as follows:

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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	\$ 30,560,000	\$ -	\$ (940,000)	\$ 29,620,000	\$ 965,000
Special Assessment Bonds	130,000	-	(130,000)	-	-
Revenue Bonds	1,208,000	-	(352,000)	856,000	360,000
Plus Issuance Premiums	4,091,531	-	(209,651)	3,881,880	209,650
Total Bonds Payable	35,989,531	-	(1,631,651)	34,357,880	1,534,650
Notes Payable	668,147	-	(105,961)	562,186	107,256
Capital Leases	5,974,929	-	(461,606)	5,513,323	467,194
Compensated Absences	2,081,476	339,147	(201,787)	2,218,836	2,107,895
Net Pension Liabilities	15,276,459	-	(8,021,395)	7,255,064	-
Other Long-term Liabilities	1,535,561	212,090	(520,704)	1,226,947	431,974
Governmental Activities					
Long-term Liabilities	<u>\$ 61,526,103</u>	<u>\$ 551,237</u>	<u>\$ (10,943,104)</u>	<u>\$ 51,134,236</u>	<u>\$ 4,648,969</u>
<u>Business-type Activities</u>					
Bonds Payable:					
Revenue Bonds	\$ 22,091,000	\$ -	\$ (2,053,000)	\$ 20,038,000	\$ 2,057,000
Plus Issuance Premiums	810,978	-	(101,911)	709,067	101,911
Total Bonds Payable	22,901,978	-	(2,154,911)	20,747,067	2,158,911
Compensated Absences	329,245	57,247	(37,847)	348,645	331,215
Net Pension Liabilities	2,827,423	-	(1,569,530)	1,257,893	-
Business-type Activities					
Long-term Liabilities	<u>\$ 26,058,646</u>	<u>\$ 57,247</u>	<u>\$ (3,762,288)</u>	<u>\$ 22,353,605</u>	<u>\$ 2,490,126</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, 2020. 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, 2020

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, 2020

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, 2020. 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, 2020

4. Detailed Notes for all Funds (continued)

K. Equity Classification (continued)

Governmental Fund Financial Statements (continued)

	General Fund	Debt Service Fund	Capital Projects Fund	2019 G.O. Bonds		Nonmajor Governmental Funds <sup>1</sup>	Total Governmental Funds
				Capital Projects Fund	RDA Fund		
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Prepays	\$ 49,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,995
	49,995	-	-	-	-	-	49,995
<b>Restricted:</b>							
Class "C" Roads	4,189,717	-	-	-	-	-	4,189,717
Utopia Pledge	3,289,545	-	-	-	-	-	3,289,545
Task Force	1,212,734	-	-	-	-	-	1,212,734
Parks/Rec/Arts	-	-	-	-	-	2,302,248	2,302,248
Fitness Center	-	-	-	10,639,964	-	3,009,625	13,649,589
Library Hall	-	-	-	285,170	-	25,669	310,839
Debt Service	-	1,639,348	-	-	-	-	1,639,348
Capital Imp.	-	-	430,000	41,319	6,694,288	4,645,897	11,811,504
Other Purposes	30,479	-	-	-	-	432,436	462,915
	8,722,475	1,639,348	430,000	10,966,453	6,694,288	10,415,875	38,868,439
<b>Assigned:</b>							
Vehicles	518,074	-	-	-	-	-	518,074
P. Safety Equip.	507,310	-	89,827	-	-	-	597,137
Library Media	105,267	-	-	-	-	-	105,267
Economic Dev.	611,156	-	-	-	-	-	611,156
Facility Imp.	-	-	1,886,767	-	-	-	1,886,767
CARES Act Funds	4,744,696	-	-	-	-	-	4,744,696
Street/Light Imp.	-	-	2,419,216	-	-	-	2,419,216
Park Imp.	-	-	1,568,324	-	-	-	1,568,324
Fitness Center	-	-	1,099,249	-	-	-	1,099,249
Library Hall	-	-	398,074	-	-	-	398,074
Debt Service	-	1,122,367	-	-	-	-	1,122,367
Capital Imp.	496,333	-	10,278,481	-	-	-	10,774,814
Other Purposes	3,220,579	-	-	-	-	342,097	3,562,676
	10,203,415	1,122,367	17,739,938	-	-	342,097	29,407,817
<b>Unassigned</b>	12,376,113	-	-	-	-	-	12,376,113
<b>Total Fund Balances</b>	<u>\$ 31,351,998</u>	<u>\$ 2,761,715</u>	<u>\$ 18,169,938</u>	<u>\$ 10,966,453</u>	<u>\$ 6,694,288</u>	<u>\$ 10,757,972</u>	<u>\$ 80,702,364</u>

<sup>1</sup> See pages 112-113 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, 2020

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, 2020, the outstanding recapture program liability is \$739,239. This liability is presented in the changes in long-term liabilities table (page 80) 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, 2020, the estimated reserves liability is \$330,081. This liability is presented in the changes in long-term liabilities table (page 80) as an "other long-term liability". The activity related to pre-January 1, 2019, worker's compensation claims (all retained risk) for the years ended June 30, 2019 and 2020 is as follows:

Year ended June 30,	2019	2020
Claim liability, beginning of year	\$ 387,961	\$ 546,617
Claims incurred during the year	117,809	-
Changes in estimates of claims of prior periods	441,138	39,817
Payments on claims during the year	(400,291)	(256,353)
Claim liability, end of year	<u>\$ 546,617</u>	<u>\$ 330,081</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, 2020

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 \$3,225,045. 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 \$79,520,645.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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 2020.



City of Orem  
Notes to the Financial Statements  
June 30, 2020

5. Other Information (continued)

C. Pension Plans

General Information and Plan Description

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

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

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

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

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

Summary of Retirement Benefits by System

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

**City of Orem**  
**Notes to the Financial Statements**  
**June 30, 2020**

5. **Other Information (continued)**

**C. Pension Plans (continued)**

Summary of Retirement Benefits by System (continued)

A summary of retirement benefits are as follows:

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

\* Actuarial reductions apply.

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

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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	15.66%	1.03%
<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	27.32%	0.70%
<u>Firefighters System</u>				
Division B - Tier 1	N/A	16.71%	7.24%	N/A
Division B - Tier 2	N/A	N/A	11.38%	0.70%
<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, 2020

5. Other Information (continued)

C. Pension Plans (continued)

Contributions (continued)

For the fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

Retirement System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 1,835,860	N/A
Contributory System	124,700	51,743
Public Safety System	1,207,483	8,687
Firefighters System	228,761	527,984
Tier 2 Public Employees System	580,300	-
Tier 2 Public Safety and Firefighter System	658,136	-
Tier 2 DC Only	65,955	N/A
Tier 2 DC Public Safety & Firefighter System	34,667	N/A
Total Contributions	<u>\$ 4,735,862</u>	<u>\$ 588,414</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, 2020, the City had a net pension asset of \$2,426,403 and a net pension liability of \$8,512,956.

Retirement System	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	1.1763290%	\$ -	\$ 4,433,429
Contributory System	5.2166190%	-	341,879
Public Safety System	7.1030860%	-	3,527,392
Firefighters System	3.8803000%	2,426,403	-
Tier 2 Public Employees System	0.2455580%	-	55,228
Tier 2 Public Safety and Firefighter System	1.6481080%	-	155,028
Total Net Pension Asset / Liability		<u>\$ 2,426,403</u>	<u>\$ 8,512,956</u>

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019, and rolled forward using generally accepted actuarial procedures. The proportion

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, the City had pension expenses of \$4,846,389. The following table details this total pension expense by retirement system:

Retirement System	Pension Expense
Noncontributory System	\$ 2,243,099
Contributory System	(52,405)
Public Safety System	1,888,624
Firefighters System	-
Tier 2 Public Employees System	310,173
Tier 2 Public Safety & Firefighter System	456,898
Total	<u>\$ 4,846,389</u>

At June 30, 2020, 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	\$ 403,273	\$ 63,683
Contributory System	-	-
Public Safety System	2,326,106	-
Firefighters System	-	395,267
Tier 2 Public Employees System	15,450	18,954
Tier 2 Public Safety & Firefighter System	46,348	50
	<u>2,791,177</u>	<u>477,954</u>
Changes in assumptions:		
Noncontributory System	469,552	-
Contributory System	-	-
Public Safety System	714,081	16,051
Firefighters System	722,219	71,300
Tier 2 Public Employees System	23,582	1,587
Tier 2 Public Safety & Firefighter System	36,820	1,399
	<u>1,966,254</u>	<u>90,337</u>

(table continues on next page)

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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	-	2,242,025
Contributory System	-	853,426
Public Safety System	-	1,299,668
Firefighters System	-	1,537,367
Tier 2 Public Employees System	-	42,453
Tier 2 Public Safety & Firefighter System	-	38,106
	-	<u>6,013,045</u>
Changes in proportion and difference between contributions and proportionate share of contributions:		
Noncontributory System	58,274	28,919
Contributory System	-	-
Public Safety System	11,408	95,478
Firefighters System	3,118	7,004
Tier 2 Public Employees System	35,619	-
Tier 2 Public Safety & Firefighter System	18,476	1,845
	<u>126,895</u>	<u>133,246</u>
Contributions subsequent to the measurement date:		
Noncontributory System	894,015	-
Contributory System	59,079	-
Public Safety System	603,607	-
Firefighters System	111,604	-
Tier 2 Public Employees System	337,594	-
Tier 2 Public Safety & Firefighter System	362,348	-
	<u>2,368,247</u>	-
Total Deferred Outflows / Inflows of Resources:		
Noncontributory System	1,825,114	2,334,627
Contributory System	59,079	853,426
Public Safety System	3,655,202	1,411,197
Firefighters System	836,941	2,010,938
Tier 2 Public Employees System	412,245	62,994
Tier 2 Public Safety & Firefighter System	463,992	41,400
	<u>\$ 7,252,573</u>	<u>\$ 6,714,582</u>

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2019, are reported as deferred outflows of resources related to pensions in the amount of \$2,368,247 (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
2020	\$ 68,889
2021	(248,741)
2022	514,578
2023	(2,270,961)
2024	11,620
Thereafter	94,359

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
2020	\$ (167,163)	\$ (302,058)	\$ 1,047,520	\$ (499,477)	\$ (6,209)	\$ (3,723)
2021	(453,142)	(248,610)	714,878	(253,419)	(5,383)	(3,065)
2022	69,155	15,634	376,246	48,868	1,871	2,804
2023	(852,378)	(318,392)	(498,246)	(581,572)	(11,736)	(8,637)
2024	-	-	-	-	5,249	6,371
Thereafter	-	-	-	-	27,864	66,495

City of Orem  
Notes to the Financial Statements  
June 30, 2020

5. Other Information (continued)

C. Pension Plans (continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019, 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, 2019, 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, 2020

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	\$ 13,847,146	\$ 4,433,430	\$ (3,417,511)
Contributory System	2,668,965	341,879	(1,620,447)
Public Safety System	9,740,651	3,527,392	(1,540,250)
Firefighters System	3,217,019	(2,426,403)	(7,069,682)
Tier 2 Public Employees System	476,253	55,228	(270,148)
Tier 2 Public Safety & Firefighter System	547,655	155,028	(136,433)
Total	<u>\$ 30,497,689</u>	<u>\$ 6,086,554</u>	<u>\$ (14,054,471)</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, 2020

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, 2020, was \$30,426,993. The City's expense for this plan for the year ended June 30, 2020 was approximately \$439,000 or 1.44% 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	2020	2019	2018
Employer Contributions	\$ 267,198	\$ 235,362	\$ 243,039
Employee Contributions	\$ -	\$ -	\$ -

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020, was \$30,426,993. The City's expense for this plan for the year ended June 30, 2020, was approximately \$1,174,000 or 3.86% 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	2020	2019	2018
Employer Contributions	\$ 88,353	\$ 106,355	\$ 110,682
Employee Contributions	\$ 106,929	\$ 127,678	\$ 126,561

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, 2020

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, 2020, there are nine (9) retirees or retirees spouses participating in the plan.

The City currently pays for postemployment benefits other than pensions on a "pay-as-you-go" basis. Contribution amounts for the City and the plan members may be amended at any time and for any reason. For the fiscal year ended June 30, 2020, total plan premiums paid were \$95,858. The City contributed \$38,233 (39.89% of total premiums) and retiree plan members receiving benefits contributed \$57,625 (60.11% 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 \$157,627 was determined by an actuarial valuation as of January 1, 2020, and measurement date of December 31, 2019.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Inflation	2.20%
Salary Increases	N/A
Discount Rate	2.21%
Healthcare Cost Trend Rates	4.10% scaling down to 3.70% over 54 years.
Retirees' Share of Benefit- Related Costs	55% of projected health insurance premiums

The discount rate was based on the 20 year Bond Buyer General Obligation Municipal Index as of June 30, 2020.

City of Orem  
Notes to the Financial Statements  
June 30, 2020

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

*Actuarial Assumptions and Other Inputs (continued)*

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

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, 2019	\$ 156,530
Changes for the Year:	
Service Cost	-
Interest on Total OPEB Liability	4,716
Effect of Economic/Demographic Gains/Losses	8,233
Changes in Assumptions or Other Inputs	37,530
Expected Benefit Payments	(49,382)
Net Changes	1,097
Total OPEB Liability as of January 1, 2020	\$ 157,627

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

The following table presents the total OPEB liability of the City, calculated using the discount rate of 2.21%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (1.21%) or 1.00% higher (3.21%) than the current rate:

	1.00% Decrease (1.21%)	Discount Rate (2.21%)	1.00% Increase (3.21%)
Total OPEB Liability at January 1, 2020	\$ 160,031	\$ 157,627	\$ 155,305

City of Orem  
Notes to the Financial Statements  
June 30, 2020

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, 2020	\$ 156,088	\$ 157,627	\$ 159,189

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

For the year ended June 30, 2020, the City had OPEB expenses of \$24,442. The following table details this total OPEB expense:

Description	OPEB Expense
Service Cost	\$ -
Interest on Total OPEB Liability	4,716
Effect of Plan Changes	-
Recognition of Deferred Outflows/Inflows of Resources:	
Recognition of Economic/Demographic Gains/Losses	3,549
Recognition of Assumption Changes or Inputs	16,177
Total	\$ 24,442

City of Orem  
Notes to the Financial Statements  
June 30, 2020

5. Other Information (continued)

E. Other Postemployment Benefits (continued)

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

At June 30, 2020, the City reported the following deferred outflows of resources or inflows of resources related to OPEB:

OPEB Deferred Outflows / Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,684
Changes in assumptions	-	21,353
Total OPEB Deferred Outflows / Inflows of Resources	\$ -	\$ 26,037

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ 19,726
2021	6,311
2022	-
2023	-
2024	-
Thereafter	-

F. Segment Information for Enterprise Funds

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

City of Orem  
Notes to the Financial Statements  
June 30, 2020

5. Other Information (continued)

G. Redevelopment Agency of the City of Orem

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

For the year ended June 30, 2020, the following activity occurred in the City's Redevelopment Agency:

Tax Increment Collected From Other Taxing Agencies For The Project Area	Total Received	Orem City's Portion
Orem 85-01: Orem Tek Development	\$ 451,231	237,624
Orem 85-02: Timpanogos Technological Center	146,760	85,691
Orem 85-03A: University Parkway Development	249,111	130,681
Orem 85-03B: University Parkway Development	339,822	178,251
Orem 85-04: Economic Zone in Central Orem	124,533	65,411
Orem 87-10: Boyer Project on Center and State Street	223,787	117,511
Orem 90-08: 800 North and State Street Economic Zone	262,144	50,532
Orem CDA: University Place	969,915	145,955
Total	<u>\$ 2,767,303</u>	<u>\$ 1,011,656</u>
Outstanding Loans to Finance RDA Projects	<u>\$ -</u>	

During the year ending June 30, 2020, the RDA expended monies in the categories below as follows:

Economic Development	\$ 913,706
Capital Outlay	388,038
Total	<u>\$ 1,301,744</u>

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

The Redevelopment Agency has one contractual arrangement in the University Place CDA area. The contract was entered into to help fund infrastructure improvements being made as part of an economic development plan for the area. The agreement specifies that 90% of the property taxes collected for this project area are to be remitted to the property owner, 5% to be held within the RDA for future improvements in the project area, and 5% to be paid to the city for administration costs. The agreement term is for twenty years and ends in Fiscal Year 2038. The amount remitted to the property owner for the current fiscal year was \$872,923.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

<u>System</u>	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>Noncontributory System</u>					
As of December 31, 2019	1.1763291%	\$ 4,433,430	\$ 10,490,803	42.3%	93.7%
As of December 31, 2018	1.1710300%	\$ 8,623,141	\$ 10,235,192	84.2%	87.0%
As of December 31, 2017	1.1480441%	\$ 5,029,925	\$ 9,994,622	50.3%	91.9%
As of December 31, 2016	1.1669202%	\$ 7,493,056	\$ 10,377,805	72.2%	87.3%
As of December 31, 2015	1.1507910%	\$ 6,511,735	\$ 10,141,076	64.2%	87.8%
As of December 31, 2014	1.1640325%	\$ 5,054,503	\$ 10,427,520	48.5%	90.2%
<u>Contributory System</u>					
As of December 31, 2019	5.2166185%	\$ 341,879	\$ 934,782	36.6%	98.6%
As of December 31, 2018	5.0759551%	\$ 2,059,837	\$ 950,067	216.8%	91.2%
As of December 31, 2017	4.5962283%	\$ 374,014	\$ 932,647	40.1%	98.2%
As of December 31, 2016	4.2142704%	\$ 1,382,749	\$ 1,011,168	136.7%	92.9%
As of December 31, 2015	2.3846854%	\$ 1,676,087	\$ 1,016,082	165.0%	85.7%
As of December 31, 2014	1.9700731%	\$ 568,255	\$ 1,055,247	53.9%	94.0%
<u>Public Safety System</u>					
As of December 31, 2019	7.1030859%	\$ 3,527,392	\$ 3,397,985	103.8%	91.7%
As of December 31, 2018	7.3044190%	\$ 5,755,853	\$ 3,474,822	165.6%	85.6%
As of December 31, 2017	7.4094711%	\$ 3,580,282	\$ 3,643,056	98.3%	90.5%
As of December 31, 2016	7.8307470%	\$ 4,880,882	\$ 4,114,120	118.6%	86.1%
As of December 31, 2015	7.6878583%	\$ 3,751,301	\$ 4,043,837	92.8%	87.6%
As of December 31, 2014	7.8553996%	\$ 3,106,282	\$ 4,163,687	74.6%	89.0%

(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>**

<u>System</u>	Proportion of the Net Pension Liability / Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>Firefighters System</u>					
As of December 31, 2019	3.8802995%	\$ (2,426,403)	\$ 3,191,512	-76.0%	105.8%
As of December 31, 2018	3.7318322%	\$ 1,508,227	\$ 3,051,512	-49.4%	96.1%
As of December 31, 2017	3.7993255%	\$ (852,323)	\$ 3,178,325	-26.8%	102.3%
As of December 31, 2016	3.8179852%	\$ 564,747	\$ 3,300,053	17.1%	98.4%
As of December 31, 2015	3.9201431%	\$ 667,045	\$ 3,306,160	20.2%	98.1%
As of December 31, 2014	4.1264713%	\$ (454,109)	\$ 3,468,618	-13.1%	101.3%
<u>Tier 2 Public Employees System</u>					
As of December 31, 2019	0.2455577%	\$ 55,228	\$ 3,413,091	1.6%	96.5%
As of December 31, 2018	0.2706777%	\$ 115,925	\$ 3,161,819	3.7%	90.8%
As of December 31, 2017	-0.2959959%	\$ 26,097	\$ 2,894,899	0.9%	97.4%
As of December 31, 2016	0.3019157%	\$ 33,678	\$ 2,475,959	1.4%	95.1%
As of December 31, 2015	0.2589627%	\$ (565)	\$ 1,673,317	0.0%	100.2%
As of December 31, 2014	0.1982677%	\$ (6,008)	\$ 972,771	-0.6%	103.5%
<u>Tier 2 Public Safety and Firefighters System</u>					
As of December 31, 2019	1.6481079%	\$ 155,028	\$ 2,716,402	5.7%	89.6%
As of December 31, 2018	1.6322111%	\$ 40,896	\$ 2,183,063	1.9%	95.6%
As of December 31, 2017	1.6337586%	\$ (18,904)	\$ 1,724,051	-1.1%	103.0%
As of December 31, 2016	1.3680971%	\$ (11,876)	\$ 1,130,354	-1.1%	103.6%
As of December 31, 2015	1.2593445%	\$ (18,399)	\$ 749,442	-2.5%	110.7%
As of December 31, 2014	1.1227061%	\$ (16,608)	\$ 464,014	-3.6%	120.5%
<b>Total - As of December 31, 2019</b>					
		<b>\$ 6,086,554</b>	<b>\$ 24,144,575</b>	<b>25.2%</b>	
<b>Total - As of December 31, 2018</b>					
		<b>\$ 18,103,879</b>	<b>\$ 23,056,475</b>	<b>78.5%</b>	
<b>Total - As of December 31, 2017</b>					
		<b>\$ 8,139,091</b>	<b>\$ 22,367,600</b>	<b>36.4%</b>	
<b>Total - As of December 31, 2016</b>					
		<b>\$ 14,343,236</b>	<b>\$ 22,409,459</b>	<b>64.0%</b>	
<b>Total - As of December 31, 2015</b>					
		<b>\$ 12,587,204</b>	<b>\$ 20,929,914</b>	<b>60.1%</b>	
<b>Total - As of December 31, 2014</b>					
		<b>\$ 8,252,315</b>	<b>\$ 20,551,857</b>	<b>40.2%</b>	

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

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

(continued on next page)

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

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

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

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

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

<u>Total OPEB Liability</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Service Cost	\$ -	\$ -	\$ -
Interest on Total OPEB Liability	7,070	5,892	4,716
Changes of Benefit Terms	-	-	-
Effect of Economic/Demographic Gains or Losses	-	-	8,233
Changes in Assumptions or Other Inputs	-	-	87,530
Expected Benefit Payments	(91,311)	(15,892)	(49,382)
Net Change in Total OPEB Liability	(84,241)	(10,000)	1,097
<b>Total OPEB Liability - Beginning</b>	<b>\$ 250,771</b>	<b>\$ 166,530</b>	<b>\$ 156,530</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 166,530</b>	<b>\$ 156,530</b>	<b>\$ 157,627</b>
 Covered-Employee Payroll	 N/A	 N/A	 N/A
Total OPEB Liability as a % of Covered-Employee Payroll	N/A	N/A	N/A

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

**NOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Utah Retirement Systems Pensions**

*Changes in Assumptions*

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

**Other Post Employment Benefits (OPEB)**

*Changes in Assumptions*

Healthcare cost trend rates were updated from an initial rate of 6.1% scaling down to 4.1% over 74 years to an initial rate of 4.1% scaling down to 3.7% over 54 years.

Mortality was updated from SOA RP-2014 White Collar Mortality with Scale MP-2017 to 2010 Pub General Healthy Retiree with 100% of MP Ultimate scale for retirees and 2010 Pub General Disabled Retiree with 100% of MP Ultimate scale for disabled participants. The plan does not have enough credible data to develop a mortality assumption. As a result, the plan must rely on publically available mortality tables. The Society of Actuaries published and recommends using both of the tables now being used for this assumption.

The discount rate was changed to 2.21% since this is the discount rate that will be used to measure the Total OPEB Liability for purposes of GASB 75.

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**OTHER  
STATEMENTS  
&  
SCHEDULES**

## Combining Financial Statements Nonmajor Governmental Funds

### Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

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

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

CARE Tax Fund – This fund is used to account for the preparation and implementation of plans to improve, rehabilitate and/or develop cultural arts and recreation facilities within the City.

Telecommunication Billing Fund – This fund is used to account for billing activities related to the Utopia Infrastructure Agency (UIA) contract utility enhancement agreements.

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

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 used to support various library and community oriented programs.

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, 2020

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects - Fees Fund	Total	CARE Tax Fund	Tele-Communication Billing Fund	Transportation Sales Tax Fund
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 29,670	\$ -
Intergovernmental Receivables	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Restricted Cash and Cash Equivalents:					
Capital Improvement Projects	2,637,793	2,637,793	3,112,541	-	1,587,603
Other Purposes	-	-	1,868,969	-	-
Restricted Receivables:					
Capital Improvement Projects	-	-	-	-	-
Other Purposes	-	-	414,927	348,442	379,406
<b>Total Assets</b>	<b>\$ 2,637,793</b>	<b>\$ 2,637,793</b>	<b>\$ 5,396,437</b>	<b>\$ 378,112</b>	<b>\$ 1,967,009</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 16,898	\$ 321,187	\$ -
Customer Deposits	-	-	-	-	-
Accrued Liabilities	-	-	-	-	902
Unearned Revenues	-	-	-	15,090	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>16,898</b>	<b>336,277</b>	<b>902</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenues - Property Taxes	-	-	-	-	-
Deferred Revenues - Receivables	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted:					
Parks, Recreation, & Arts	-	-	2,266,998	-	25,250
Land Acquisition	-	-	10,000	-	-
Fitness Center	-	-	3,009,625	-	-
Library Hall	-	-	25,669	-	-
Capital Improvements	2,637,793	2,637,793	67,247	-	1,940,857
Other Purposes	-	-	-	-	-
Assigned:					
Community Promotion	-	-	-	-	-
Other Purposes	-	-	-	41,835	-
<b>Total Fund Balances</b>	<b>2,637,793</b>	<b>2,637,793</b>	<b>5,379,539</b>	<b>41,835</b>	<b>1,966,107</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,637,793</b>	<b>\$ 2,637,793</b>	<b>\$ 5,396,437</b>	<b>\$ 378,112</b>	<b>\$ 1,967,009</b>

Special Revenue Funds

Community Development & Rehabilitation Fund	Friends of the Orem Public Library Fund	Orem Foundation Trust Fund	Senior Citizens Fund	Total	Total Nonmajor Governmental Funds
\$ 33,589	\$ 1,301	\$ 1,150	\$ 297,811	\$ 363,521	\$ 363,521
156,111	-	-	-	156,111	156,111
188,829	-	-	-	188,829	188,829
-	-	-	-	4,700,144	7,337,937
340,131	-	-	-	2,209,100	2,209,100
-	-	-	-	-	-
209,636	-	-	-	1,352,411	1,352,411
<u>\$ 928,296</u>	<u>\$ 1,301</u>	<u>\$ 1,150</u>	<u>\$ 297,811</u>	<u>\$ 8,970,116</u>	<u>\$ 11,607,909</u>
\$ 89,047	\$ -	\$ -	\$ -	\$ 427,132	\$ 427,132
-	-	-	-	-	-
8,348	-	-	-	9,250	9,250
-	-	-	-	15,090	15,090
<u>97,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,472</u>	<u>451,472</u>
-	-	-	-	-	-
398,465	-	-	-	398,465	398,465
<u>398,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,465</u>	<u>398,465</u>
-	-	-	-	-	-
-	-	-	-	2,292,248	2,292,248
-	-	-	-	10,000	10,000
-	-	-	-	3,009,625	3,009,625
-	-	-	-	25,669	25,669
-	-	-	-	2,008,104	4,645,897
432,436	-	-	-	432,436	432,436
-	1,301	1,150	-	2,451	2,451
-	-	-	297,811	339,646	339,646
<u>432,436</u>	<u>1,301</u>	<u>1,150</u>	<u>297,811</u>	<u>8,120,179</u>	<u>10,757,972</u>
<u>\$ 928,296</u>	<u>\$ 1,301</u>	<u>\$ 1,150</u>	<u>\$ 297,811</u>	<u>\$ 8,970,116</u>	<u>\$ 11,607,909</u>

City of Orem  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For The Year Ended June 30, 2020

	Capital Projects Funds		Special Revenue Funds		
	Capital Projects - Impact Fees Fund	Total	CARE Tax Fund	Tele-Communication Billing Fund	Transportation Sales Tax Fund
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	2,284,065	-	2,129,802
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Impact Fees	753,507	753,507	-	-	-
Investment Earnings	55,951	55,951	76,455	29,584	11,914
Miscellaneous Revenues	-	-	-	1,238	-
<b>Total Revenues</b>	<b>809,458</b>	<b>809,458</b>	<b>2,360,520</b>	<b>30,822</b>	<b>2,141,716</b>
<b>EXPENDITURES</b>					
Current:					
Highways and Public Improvements	-	-	-	-	13,546
Parks, Recreation and Arts	-	-	993,165	-	-
Economic and Physical Development	59,443	59,443	-	27,220	-
Redevelopment	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	1,901,777	-	162,063
<b>Total Expenditures</b>	<b>59,443</b>	<b>59,443</b>	<b>2,894,942</b>	<b>27,220</b>	<b>175,609</b>
Excess (Deficiency) of Revenues over (under) Expenditures	750,015	750,015	(534,422)	3,602	1,966,107
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Asset Disposals	-	-	-	-	-
Transfers Out	-	-	(34,316)	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>-</b>	<b>-</b>	<b>(34,316)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>750,015</b>	<b>750,015</b>	<b>(568,738)</b>	<b>3,602</b>	<b>1,966,107</b>
Fund Balances - Beginning	1,887,778	1,887,778	5,948,277	38,233	-
<b>Fund Balances - Ending</b>	<b>\$ 2,637,793</b>	<b>\$ 2,637,793</b>	<b>\$ 5,379,539</b>	<b>\$ 41,835</b>	<b>\$ 1,966,107</b>

Special Revenue Funds

<u>Community Development &amp; Rehabilitation Fund</u>	<u>Friends of the Orem Public Library Fund</u>	<u>Orem Foundation Trust Fund</u>	<u>Senior Citizens Fund</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
972,038	-	-	-	4,413,867	4,413,867
39,913	-	-	13,675	972,038	972,038
-	-	-	-	53,588	53,588
4,598	58	-	5,654	-	753,507
-	320	153,650	13,823	128,263	184,214
<u>1,016,549</u>	<u>378</u>	<u>153,650</u>	<u>33,152</u>	<u>169,031</u>	<u>169,031</u>
-	-	-	-	-	-
-	1,429	-	11,909	13,546	13,546
341,729	-	-	-	1,006,503	1,006,503
-	-	-	-	368,949	428,392
-	-	-	-	-	-
75,000	-	-	-	75,000	75,000
12,452	-	-	-	12,452	12,452
399,092	-	-	-	2,462,932	2,462,932
<u>828,273</u>	<u>1,429</u>	<u>-</u>	<u>11,909</u>	<u>3,939,382</u>	<u>3,998,825</u>
-	-	-	-	-	-
188,276	(1,051)	153,650	21,243	1,797,405	2,547,420
-	-	-	-	-	-
10,000	-	-	-	10,000	10,000
(161,481)	-	(154,442)	-	(350,239)	(350,239)
<u>(151,481)</u>	<u>-</u>	<u>(154,442)</u>	<u>-</u>	<u>(340,239)</u>	<u>(340,239)</u>
36,795	(1,051)	(792)	21,243	1,457,166	2,207,181
395,641	2,352	1,942	276,568	6,663,013	8,550,791
<u>\$ 432,436</u>	<u>\$ 1,301</u>	<u>\$ 1,150</u>	<u>\$ 297,811</u>	<u>\$ 8,120,179</u>	<u>\$ 10,757,972</u>

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

**DEBT SERVICE FUNDS  
DEBT SERVICE FUND**

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

**SPECIAL REVENUE FUNDS  
CARE TAX FUND  
TELECOMMUNICATION BILLING FUND  
TRANSPORTATION SALES TAX 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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,578,201	\$ 1,578,201	\$ 1,578,201	\$ -
Special Assessments	25,075	25,075	-	(25,075)
Investment Earnings	-	-	44,973	44,973
Total Revenues	<u>1,603,276</u>	<u>1,603,276</u>	<u>1,623,174</u>	<u>19,898</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	1,337,961	1,452,961	1,452,961	-
Interest and Fiscal Charges	3,901,312	4,928,381	4,922,825	5,556
Capital Lease Payments - Principal	435,000	435,000	435,000	-
Capital Lease Payments - Interest	117,354	117,354	117,353	1
Total Expenditures	<u>5,791,627</u>	<u>6,933,696</u>	<u>6,928,139</u>	<u>5,557</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,188,351)</u>	<u>(5,330,420)</u>	<u>(5,304,965)</u>	<u>25,455</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,188,351	4,188,351	4,188,350	(1)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,188,351</u>	<u>4,188,351</u>	<u>4,188,350</u>	<u>(1)</u>
Net Change in Fund Balance	-	(1,142,069)	(1,116,615)	25,454
Fund Balance - Beginning	<u>3,878,330</u>	<u>3,878,330</u>	<u>3,878,330</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,878,330</u>	<u>\$ 2,736,261</u>	<u>\$ 2,761,715</u>	<u>\$ 25,454</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,406,087	\$ 74,148	\$ (1,331,939)
Miscellaneous Revenues	275,000	527,292	710,650	183,358
Total Revenues	275,000	1,933,379	784,798	(1,148,581)
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	231,385	21,827,332	4,081,094	17,746,238
Economic and Physical Development	10,000	926,149	33,171	892,978
Total Expenditures	241,385	22,753,481	4,114,265	18,639,216
Excess (Deficiency) of Revenues over (under) Expenditures	33,615	(20,820,102)	(3,329,467)	17,490,635
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Asset Disposals	-	-	233,990	233,990
Transfers In	-	5,283,681	5,283,681	-
Transfers Out	(33,615)	(33,615)	(33,615)	-
Total Other Financing Sources (Uses)	(33,615)	5,250,066	5,484,056	233,990
Net Change in Fund Balance	-	(15,570,036)	2,154,589	17,724,625
Fund Balance - Beginning	16,015,349	16,015,349	16,015,349	-
Fund Balance - Ending	\$ 16,015,349	\$ 445,313	\$ 18,169,938	\$ 17,724,625

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ -	\$ 472,100	\$ 403,948	(68,152)
Total Revenues	-	472,100	403,948	(68,152)
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	-	25,829,272	14,904,137	10,925,135
Total Expenditures	-	25,829,272	14,904,137	10,925,135
Excess (Deficiency) of Revenues over (under) Expenditures	-	(25,357,172)	(14,500,189)	10,856,983
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(25,357,172)	(14,500,189)	10,856,983
Fund Balance - Beginning	25,466,642	25,466,642	25,466,642	-
Fund Balance - Ending	\$ 25,466,642	\$ 109,470	\$ 10,966,453	\$ 10,856,983

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 535,000	\$ 535,000	\$ 753,507	218,507
Investment Earnings	-	-	55,951	55,951
Total Revenues	<u>535,000</u>	<u>535,000</u>	<u>809,458</u>	<u>274,458</u>
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	535,000	551,218	-	551,218
Economic and Physical Development	-	59,443	59,443	-
Total Expenditures	<u>535,000</u>	<u>610,661</u>	<u>59,443</u>	<u>551,218</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>(75,661)</u>	<u>750,015</u>	<u>825,676</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>(75,661)</u>	<u>750,015</u>	<u>825,676</u>
Fund Balance - Beginning	<u>1,887,778</u>	<u>1,887,778</u>	<u>1,887,778</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,887,778</u>	<u>\$ 1,812,117</u>	<u>\$ 2,637,793</u>	<u>\$ 825,676</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales Taxes	\$ 2,235,000	\$ 2,235,000	\$ 2,284,065	\$ 49,065
Investment Earnings	65,000	65,000	76,455	11,455
Total Revenues	<u>2,300,000</u>	<u>2,300,000</u>	<u>2,360,520</u>	<u>60,520</u>
<b>EXPENDITURES</b>				
Current:				
Arts and Recreation Development	2,264,976	1,052,674	993,165	59,509
Capital Outlay	-	5,014,318	1,901,777	3,112,541
Total Expenditures	<u>2,264,976</u>	<u>6,066,992</u>	<u>2,894,942</u>	<u>3,172,050</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>35,024</u>	<u>(3,766,992)</u>	<u>(534,422)</u>	<u>3,232,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(35,024)	(34,316)	(34,316)	-
Total Other Financing Sources (Uses)	<u>(35,024)</u>	<u>(34,316)</u>	<u>(34,316)</u>	<u>-</u>
Net Change in Fund Balance	-	(3,801,308)	(568,738)	3,232,570
Fund Balance - Beginning	<u>5,948,277</u>	<u>5,948,277</u>	<u>5,948,277</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,948,277</u>	<u>\$ 2,146,969</u>	<u>\$ 5,379,539</u>	<u>\$ 3,232,570</u>

City of Orem  
 Telecommunication Billing Fund - Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For The Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 51,000	\$ 51,000	\$ 29,584	\$ (21,416)
Miscellaneous Revenues	4,000	4,000	1,238	(2,762)
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>30,822</u>	<u>(24,178)</u>
<b>EXPENDITURES</b>				
Current:				
Miscellaneous Expenditures	55,000	55,000	27,220	27,780
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>27,220</u>	<u>27,780</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	3,602	3,602
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	3,602	3,602
Fund Balance - Beginning	38,233	38,233	38,233	-
Fund Balance - Ending	<u>\$ 38,233</u>	<u>\$ 38,233</u>	<u>\$ 41,835</u>	<u>\$ 3,602</u>

City of Orem  
Transportation Sales Tax - Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For The Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales Taxes	\$ 2,235,000	\$ 2,235,000	\$ 2,129,802	\$ (105,198)
Investment Earnings	15,000	15,000	11,914	(3,086)
Total Revenues	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,141,716</u>	<u>(108,284)</u>
<b>EXPENDITURES</b>				
Current:				
Highways & Public Improvements	18,186	18,186	13,546	4,640
Capital Outlay	2,231,814	2,231,814	162,063	2,069,751
Total Expenditures	<u>2,250,000</u>	<u>2,250,000</u>	<u>175,609</u>	<u>2,074,391</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>1,966,107</u>	<u>1,966,107</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	1,966,107	1,966,107
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,966,107</u>	<u>\$ 1,966,107</u>

City of Orem  
Community Development and Rehabilitation - Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For The Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 779,120	\$ 908,253	\$ 972,038	\$ 63,785
Charges for Services	165,000	179,750	39,913	(139,837)
Investment Earnings	2,000	2,000	4,598	2,598
Total Revenues	<u>946,120</u>	<u>1,090,003</u>	<u>1,016,549</u>	<u>(73,454)</u>
<b>EXPENDITURES</b>				
Current:				
Economic and Physical Development	450,079	485,344	341,729	143,615
Capital Outlay	200,000	636,704	399,092	237,612
Debt Service:				
Principal Retirement	75,000	75,000	75,000	-
Interest and Fiscal Charges	30,057	12,452	12,452	-
Total Expenditures	<u>755,136</u>	<u>1,209,500</u>	<u>828,273</u>	<u>381,227</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>190,984</u>	<u>(119,497)</u>	<u>188,276</u>	<u>307,773</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Asset Disposals	-	-	10,000	10,000
Transfers In	-	-	-	-
Transfers Out	(190,984)	(190,984)	(161,481)	29,503
Total Other Financing Sources (Uses)	<u>(190,984)</u>	<u>(190,984)</u>	<u>(151,481)</u>	<u>39,503</u>
Net Change in Fund Balance	-	(310,481)	36,795	347,276
Fund Balance - Beginning	395,641	395,641	395,641	-
Fund Balance - Ending	<u>\$ 395,641</u>	<u>\$ 85,160</u>	<u>\$ 432,436</u>	<u>\$ 347,276</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 6,500	\$ 6,500	\$ 58	\$ (6,442)
Miscellaneous Revenues	1,000	1,000	320	(680)
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>378</u>	<u>(7,122)</u>
<b>EXPENDITURES</b>				
Current:				
Library Programs	9,500	10,929	1,429	9,500
Total Expenditures	<u>9,500</u>	<u>10,929</u>	<u>1,429</u>	<u>9,500</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(2,000)</u>	<u>(3,429)</u>	<u>(1,051)</u>	<u>2,378</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,000	2,000	-	(2,000)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Net Change in Fund Balance	-	(1,429)	(1,051)	378
Fund Balance - Beginning	2,352	2,352	2,352	-
Fund Balance - Ending	<u>\$ 2,352</u>	<u>\$ 923</u>	<u>\$ 1,301</u>	<u>\$ 378</u>



City of Orem  
Orem Foundation Trust - Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For The Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Miscellaneous Revenues	\$ 22,000	\$ 172,200	\$ 153,650	\$ (18,550)
Total Revenues	22,000	172,200	153,650	(18,550)
<b>EXPENDITURES</b>				
Current:				
City Programs	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	22,000	172,200	153,650	(18,550)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(22,000)	(172,200)	(154,442)	17,758
Total Other Financing Sources (Uses)	(22,000)	(172,200)	(154,442)	17,758
Net Change in Fund Balance	-	-	(792)	(792)
Fund Balance - Beginning	1,942	1,942	1,942	-
Fund Balance - Ending	\$ 1,942	\$ 1,942	\$ 1,150	\$ (792)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 25,600	\$ 26,600	\$ 13,675	\$ (12,925)
Investment Earnings	1,800	1,800	5,654	3,854
Miscellaneous Revenues	22,100	22,100	13,823	(8,277)
Total Revenues	<u>49,500</u>	<u>50,500</u>	<u>33,152</u>	<u>(17,348)</u>
<b>EXPENDITURES</b>				
Current:				
Dances	8,900	8,512	2,556	5,956
Tours	20,000	20,000	3,876	16,124
Miscellaneous Expenditures	20,600	21,988	5,477	16,511
Total Expenditures	<u>49,500</u>	<u>50,500</u>	<u>11,909</u>	<u>38,591</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	21,243	21,243
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	21,243	21,243
Fund Balance - Beginning	<u>276,568</u>	<u>276,568</u>	<u>276,568</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 276,568</u>	<u>\$ 276,568</u>	<u>\$ 297,811</u>	<u>\$ 21,243</u>

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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, 2020

	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	\$ 988,172	\$ 982,333	\$ 902,484	\$ 1,109,613
Accounts Receivable (Net of Allowance for Doubtful Accounts)	500	19,458	457,004	445,523
Total Current Assets	<u>988,672</u>	<u>1,001,791</u>	<u>1,359,488</u>	<u>1,555,136</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	-	-	-	-
Construction in Progress	-	-	-	-
Less Accumulated Depreciation	(5,597,909)	(5,486,447)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>485,551</u>	<u>597,013</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>485,551</u>	<u>597,013</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,474,223</u>	<u>1,598,804</u>	<u>1,359,488</u>	<u>1,555,136</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	84,100	164,577	-	-
Total Deferred Outflows of Resources	<u>84,100</u>	<u>164,577</u>	<u>-</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 1,558,323</u>	<u>\$ 1,763,381</u>	<u>\$ 1,359,488</u>	<u>\$ 1,555,136</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 28,760	\$ 47,893	\$ 311,360	\$ 276,466
Accrued Liabilities	64,674	99,600	-	-
Accrued Vacation Leave	30,246	22,487	-	-
Unearned Revenues	87,696	346,943	-	-
Total Current Liabilities	<u>211,376</u>	<u>516,923</u>	<u>311,360</u>	<u>276,466</u>
Noncurrent Liabilities:				
Accrued Vacation Leave	1,592	1,184	-	-
Net Pension Liability	109,685	231,744	-	-
Total Noncurrent Liabilities	<u>111,277</u>	<u>232,928</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>322,653</u>	<u>749,851</u>	<u>311,360</u>	<u>276,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	60,604	15,414	-	-
Total Deferred Inflows of Resources	<u>60,604</u>	<u>15,414</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	485,551	597,013	-	-
Unrestricted	689,515	401,103	1,048,128	1,278,670
Total Net Position	<u>1,175,066</u>	<u>998,116</u>	<u>1,048,128</u>	<u>1,278,670</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 1,558,323</u>	<u>\$ 1,763,381</u>	<u>\$ 1,359,488</u>	<u>\$ 1,555,136</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 2,191,347	\$ 1,630,175	\$ 4,082,003	\$ 3,722,121
85,533	92,094	543,037	557,075
<u>2,276,880</u>	<u>1,722,269</u>	<u>4,625,040</u>	<u>4,279,196</u>
-	-	39,822	39,822
-	-	4,125,955	4,125,955
-	-	1,911,903	1,911,903
156,427	121,733	162,207	127,513
2,902,951	2,517,096	2,902,951	2,517,096
3,599	-	3,599	-
<u>(647,234)</u>	<u>(544,848)</u>	<u>(6,245,143)</u>	<u>(6,031,295)</u>
2,415,743	2,093,981	2,901,294	2,690,994
2,415,743	2,093,981	2,901,294	2,690,994
<u>4,692,623</u>	<u>3,816,250</u>	<u>7,526,334</u>	<u>6,970,190</u>
17,851	27,499	101,951	192,076
17,851	27,499	101,951	192,076
<u>\$ 4,710,474</u>	<u>\$ 3,843,749</u>	<u>\$ 7,628,285</u>	<u>\$ 7,162,266</u>
\$ 1,264	\$ 11,226	\$ 341,384	\$ 335,585
7,517	7,997	72,191	107,597
12,612	11,681	42,858	34,168
-	-	87,696	346,943
<u>21,393</u>	<u>30,904</u>	<u>544,129</u>	<u>824,293</u>
663	615	2,255	1,799
23,280	38,721	132,965	270,465
23,943	39,336	135,220	272,264
<u>45,336</u>	<u>70,240</u>	<u>679,349</u>	<u>1,096,557</u>
12,864	2,576	73,468	17,990
12,864	2,576	73,468	17,990
2,415,743	2,093,981	2,901,294	2,690,994
2,236,531	1,676,952	3,974,174	3,356,725
<u>4,652,274</u>	<u>3,770,933</u>	<u>6,875,468</u>	<u>6,047,719</u>
<u>\$ 4,710,474</u>	<u>\$ 3,843,749</u>	<u>\$ 7,628,285</u>	<u>\$ 7,162,266</u>

City of Orem  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Proprietary Funds  
For The Year Ended June 30, 2020

	Recreation Fund Current Year	Recreation Fund Prior Year	Solid Waste Fund Current Year
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 745,840	\$ 1,608,029	\$ 4,094,572
Other Revenues	240	1,300	3,500
Total Operating Revenues	<u>746,080</u>	<u>1,609,329</u>	<u>4,098,072</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	852,612	1,349,201	-
Supplies and Maintenance	126,021	179,512	226,784
Administrative Fee	30,090	37,080	223,719
Utilities	98,250	298,133	-
Contract Services	10,370	16,697	3,714,522
Equipment Lease and Rentals	-	-	-
Insurance	24,000	24,000	-
Depreciation	111,462	112,622	-
Miscellaneous	5,636	23,776	112,972
Total Operating Expenses	<u>1,258,441</u>	<u>2,041,021</u>	<u>4,277,997</u>
Operating Income (Loss)	<u>(512,361)</u>	<u>(431,692)</u>	<u>(179,925)</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Investment Earnings	16,544	26,777	15,052
Gain (Loss) on Sale of Capital Assets	49	-	-
Total Nonoperating Revenues & Expenses	<u>16,593</u>	<u>26,777</u>	<u>15,052</u>
Income (Loss) before Transfers	<u>(495,768)</u>	<u>(404,915)</u>	<u>(164,873)</u>
Transfers In	750,000	405,000	-
Transfers Out	<u>(77,282)</u>	<u>(73,827)</u>	<u>(65,669)</u>
Change in Net Position	176,950	(73,742)	(230,542)
Total Net Position - Beginning	<u>998,116</u>	<u>1,071,858</u>	<u>1,278,670</u>
Total Net Position - Ending	<u>\$ 1,175,066</u>	<u>\$ 998,116</u>	<u>\$ 1,048,128</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
\$ 3,845,141	\$ 856,624	\$ 925,100	\$ 5,697,036	\$ 6,378,270
-	57,668	289,610	61,408	290,910
<u>3,845,141</u>	<u>914,292</u>	<u>1,214,710</u>	<u>5,758,444</u>	<u>6,669,180</u>
-	168,719	163,436	1,021,331	1,512,637
148,817	41,733	43,914	394,538	372,243
219,717	72,285	67,599	326,094	324,396
-	125,539	133,234	223,789	431,367
3,292,402	45	100	3,724,937	3,309,199
-	1,230	780	1,230	780
-	3,000	2,500	27,000	26,500
-	67,692	60,065	179,154	172,687
103,923	1,344	2,814	119,952	130,513
<u>3,764,859</u>	<u>481,587</u>	<u>474,442</u>	<u>6,018,025</u>	<u>6,280,322</u>
<u>80,282</u>	<u>432,705</u>	<u>740,268</u>	<u>(259,581)</u>	<u>388,858</u>
21,507	41,979	35,764	73,575	84,048
-	-	-	49	-
<u>21,507</u>	<u>41,979</u>	<u>35,764</u>	<u>73,624</u>	<u>84,048</u>
101,789	474,684	776,032	(185,957)	472,906
-	775,000	775,000	1,525,000	1,180,000
(58,130)	(368,343)	(370,393)	(511,294)	(502,350)
43,659	881,341	1,180,639	827,749	1,150,556
<u>1,235,011</u>	<u>3,770,933</u>	<u>2,590,294</u>	<u>6,047,719</u>	<u>4,897,163</u>
\$ <u>1,278,670</u>	\$ <u>4,652,274</u>	\$ <u>3,770,933</u>	\$ <u>6,875,468</u>	\$ <u>6,047,719</u>



City of Orem  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For The Year Ended June 30, 2020

	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	\$ 765,038	\$ 1,600,325	\$ 4,086,591	\$ 3,818,944
Payments to Suppliers	(544,151)	(620,288)	(4,019,384)	(3,530,309)
Payments for Personnel	(874,269)	(1,352,121)	-	-
Payments for Interfund Services Used	(30,090)	(37,080)	(223,719)	(219,717)
Net Cash Provided (Used) by Operating Activities	<u>(683,472)</u>	<u>(409,164)</u>	<u>(156,512)</u>	<u>68,918</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	750,000	405,000	-	-
Transfers Out	(77,282)	(73,827)	(65,669)	(58,130)
Net Cash Provided (Used) by Noncapital Activities	<u>672,718</u>	<u>331,173</u>	<u>(65,669)</u>	<u>(58,130)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>49</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment Earnings	16,544	26,777	15,052	21,507
Net Cash Provided (Used) by Investing Activities	<u>16,544</u>	<u>26,777</u>	<u>15,052</u>	<u>21,507</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,839	(51,214)	(207,129)	32,295
Cash and Cash Equivalents - Beginning of Year	982,333	1,033,547	1,109,613	1,077,318
Cash and Cash Equivalents - End of Year	<u>\$ 988,172</u>	<u>\$ 982,333</u>	<u>\$ 902,484</u>	<u>\$ 1,109,613</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (512,361)	\$ (431,692)	\$ (179,925)	\$ 80,282
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	\$ 111,462	\$ 112,622	\$ -	\$ -
(Increase) Decrease in Receivables	18,958	(9,004)	(11,481)	(26,197)
(Increase) Decrease in Pension Assets	80,477	(4,980)	-	-
Increase (Decrease) in Accounts Payable	(19,133)	8,969	34,894	14,833
Increase (Decrease) in Accrued Liabilities	(34,926)	13,972	-	-
Increase (Decrease) in Unearned Revenue	(259,247)	(87,367)	-	-
Increase (Decrease) in Accrued Vacation Leave	8,167	(10,401)	-	-
Increase (Decrease) in Pension Liabilities	(76,869)	(1,283)	-	-
Total Adjustments	<u>(171,111)</u>	<u>22,528</u>	<u>23,413</u>	<u>(11,364)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (683,472)</u>	<u>\$ (409,164)</u>	<u>\$ (156,512)</u>	<u>\$ 68,918</u>

Street Lighting Fund Current Year	Street Lighting Fund Prior Year	Total Nonmajor Proprietary Funds Current Year	Total Nonmajor Proprietary Funds Prior Year
\$ 920,853 (182,853) (163,725) (72,285)	\$ 1,223,727 (187,112) (155,217) (67,599)	\$ 5,772,482 (4,746,388) (1,037,994) (326,094)	\$ 6,642,996 (4,337,709) (1,507,338) (324,396)
501,990	813,799	(337,994)	473,553
775,000 (368,343)	775,000 (370,393)	1,525,000 (511,294)	1,180,000 (502,350)
406,657	404,607	1,013,706	677,650
(389,454)	(212,136)	(389,454)	(212,136)
(389,454)	(212,136)	(389,405)	(212,136)
41,979	35,764	73,575	84,048
41,979	35,764	73,575	84,048
561,172	1,042,034	359,882	1,023,115
1,630,175	588,141	3,722,121	2,699,006
\$ 2,191,347	\$ 1,630,175	\$ 4,082,003	\$ 3,722,121
\$ 432,705	\$ 740,268	(259,581)	388,858
\$ 67,692 6,561 9,648 (9,962) (480) - 979 (5,153) 69,285	\$ 60,065 9,017 (7,163) (3,770) 3,452 - 2,290 9,640 73,531	179,154 14,038 90,125 5,799 (35,406) (259,247) 9,146 (82,022) (78,413)	172,687 (26,184) (12,143) 20,032 17,424 (87,367) (8,111) 8,357 84,695
\$ 501,990	\$ 813,799	\$ (337,994)	\$ 473,553

## 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, 2020

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Total
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 459,724	\$ 94,178	\$ 2,874,653	\$ 1,340,020	\$ 4,768,575
Inventories	-	341,494	-	-	341,494
Prepays	-	-	-	30,116	30,116
Total Current Assets	<u>459,724</u>	<u>435,672</u>	<u>2,874,653</u>	<u>1,370,136</u>	<u>5,140,185</u>
Noncurrent Assets:					
Capital Assets:					
Buildings	-	150,000	-	-	150,000
Machinery and Equipment	196,584	39,442	-	201,000	437,026
Construction in Progress	-	-	-	51,229	51,229
Less Accumulated Depreciation	(156,167)	(104,123)	-	(62,134)	(322,424)
Total Capital Assets (Net of Accumulated Depreciation)	<u>40,417</u>	<u>85,319</u>	<u>-</u>	<u>190,095</u>	<u>315,831</u>
Total Noncurrent Assets	<u>40,417</u>	<u>85,319</u>	<u>-</u>	<u>190,095</u>	<u>315,831</u>
Total Assets	<u>500,141</u>	<u>520,991</u>	<u>2,874,653</u>	<u>1,560,231</u>	<u>5,456,016</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	64,306	45,789	19,005	289,932	419,032
Total Deferred Outflows of Resources	<u>64,306</u>	<u>45,789</u>	<u>19,005</u>	<u>289,932</u>	<u>419,032</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 564,447</u>	<u>\$ 566,780</u>	<u>\$ 2,893,658</u>	<u>\$ 1,850,163</u>	<u>\$ 5,875,048</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 3,583	\$ 1,046	\$ 28,964	\$ 20,747	\$ 54,340
Accrued Liabilities	24,611	10,993	4,967	62,904	103,475
Accrued Vacation Leave	40,370	12,505	4,235	95,129	152,239
Claims and Judgments	-	-	372,592	-	372,592
Capital Lease Payable - Current Portion	1,100	-	-	22,094	23,194
Total Current Liabilities	<u>69,664</u>	<u>24,544</u>	<u>410,758</u>	<u>200,874</u>	<u>705,840</u>
Noncurrent Liabilities:					
Accrued Vacation Leave	2,125	658	222	5,007	8,012
Claims and Judgments	-	-	696,728	-	696,728
Capital Lease Payable - Long-term Portion	21,949	-	-	8,181	30,130
Net Pension Liability	83,869	59,719	24,788	378,135	546,511
Total Noncurrent Liabilities	<u>107,943</u>	<u>60,377</u>	<u>721,738</u>	<u>391,323</u>	<u>1,281,381</u>
Total Liabilities	<u>177,607</u>	<u>84,921</u>	<u>1,132,496</u>	<u>592,197</u>	<u>1,987,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	46,340	32,997	13,696	208,930	301,963
Total Deferred Inflows of Resources	<u>46,340</u>	<u>32,997</u>	<u>13,696</u>	<u>208,930</u>	<u>301,963</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	17,368	85,319	-	159,820	262,507
Unrestricted	323,132	363,543	1,747,466	889,216	3,323,357
Total Net Position	<u>340,500</u>	<u>448,862</u>	<u>1,747,466</u>	<u>1,049,036</u>	<u>3,585,864</u>
Total Liabilities, Deferred Inflows of Resources, & Net Position	<u>\$ 564,447</u>	<u>\$ 566,780</u>	<u>\$ 2,893,658</u>	<u>\$ 1,850,163</u>	<u>\$ 5,875,048</u>

City of Orem  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For The Year Ended June 30, 2020

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Total
<b>OPERATING REVENUES:</b>					
Charges for Services to Other Funds	\$ 830,000	\$ 395,000	\$ 1,949,778	\$ 2,430,000	\$ 5,604,778
Other Revenues	-	180	-	10,064	10,244
Total Operating Revenues	<u>830,000</u>	<u>395,180</u>	<u>1,949,778</u>	<u>2,440,064</u>	<u>5,615,022</u>
<b>OPERATING EXPENSES:</b>					
Personnel Services	521,034	223,021	118,442	1,364,093	2,226,590
Supplies, Maintenance and Claims	190,266	88,908	1,225,087	736,017	2,240,278
Depreciation Expense	9,667	6,704	-	26,400	42,771
Total Operating Expenses	<u>720,967</u>	<u>318,633</u>	<u>1,343,529</u>	<u>2,126,510</u>	<u>4,509,639</u>
Operating Income (Loss)	<u>109,033</u>	<u>76,547</u>	<u>606,249</u>	<u>313,554</u>	<u>1,105,383</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain (Loss) on Sales of Fixed Assets	1,810	14,523	-	-	16,333
Interest Expense and Fiscal Charges	-	-	-	(1,383)	(1,383)
Total Nonoperating Revenues (Expenses)	<u>1,810</u>	<u>14,523</u>	<u>-</u>	<u>(1,383)</u>	<u>14,950</u>
Income (Loss) before Operating Transfers	110,843	91,070	606,249	312,171	1,120,333
Transfers In	-	-	-	-	-
Transfers Out	(72,819)	-	-	-	(72,819)
Change in Net Position	<u>38,024</u>	<u>91,070</u>	<u>606,249</u>	<u>312,171</u>	<u>1,047,514</u>
Total Net Position - Beginning	<u>302,476</u>	<u>357,792</u>	<u>1,141,217</u>	<u>736,865</u>	<u>2,538,350</u>
Total Net Position - Ending	<u>\$ 340,500</u>	<u>\$ 448,862</u>	<u>\$ 1,747,466</u>	<u>\$ 1,049,036</u>	<u>\$ 3,585,864</u>

**City of Orem**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Year Ended June 30, 2020**

	Fleet Maintenance	Purchasing / Warehousing	Self- Insurance	Information Technology	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Interfund Services Provided	\$ 830,000	\$ 395,180	\$ 1,949,778	\$ 2,440,064	\$ 5,615,022
Payments to Suppliers	(186,451)	(107,948)	(1,496,013)	(773,012)	(2,563,424)
Payments for Personnel	(501,266)	(242,629)	(124,239)	(1,391,147)	(2,259,281)
Net Cash Provided (Used) by Operating Activities	142,283	44,603	329,526	275,905	792,317
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers Out	(72,819)	-	-	-	(72,819)
Net Cash Provided (Used) by Noncapital Financing Activities	(72,819)	-	-	-	(72,819)
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>					
Acquisition of Capital Assets	-	-	-	(83,632)	(83,632)
Proceeds from the Sale of Capital Assets	1,810	-	-	-	1,810
Principal paid on Outstanding Debt	(1,240)	-	-	(25,365)	(26,605)
Interest paid on Outstanding Debt	-	-	-	(1,383)	(1,383)
Net Cash Provided (Used) in Capital Financing Activities	570	-	-	(110,380)	(109,810)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Investment Earnings	-	-	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	70,034	44,603	329,526	165,525	609,688
Cash and Cash Equivalents - Beginning of Year	389,690	49,575	2,545,127	1,174,495	4,158,887
Cash and Cash Equivalents - End of Year	\$ 459,724	\$ 94,178	\$ 2,874,653	\$ 1,340,020	\$ 4,768,575
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 109,033	\$ 76,547	\$ 606,249	\$ 313,554	\$ 1,105,383
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	9,667	6,704	-	26,400	42,771
(Increase) Decrease in Inventory	-	(18,931)	-	-	(18,931)
(Increase) Decrease in Prepays	-	-	8,871	(9,332)	(461)
(Increase) Decrease in Pension Assets	41,931	77,855	11,727	388,013	519,526
Increase (Decrease) in Accounts Payable	1,307	(692)	28,907	(41,734)	(12,212)
Increase (Decrease) in Accrued Liabilities	2,508	583	1,007	14,071	18,169
Increase (Decrease) in Accrued Vacation Leave	7,171	(4,494)	(9,854)	15,987	8,810
Increase (Decrease) in Pension Liabilities	(29,334)	(92,969)	(7,670)	(431,054)	(561,027)
Increase (Decrease) in Claims and Judgments	-	-	(309,711)	-	(309,711)
Total Adjustments	33,250	(31,944)	(276,723)	(37,649)	(313,066)
Net Cash Provided (Used) by Operating Activities	\$ 142,283	\$ 44,603	\$ 329,526	\$ 275,905	\$ 792,317

**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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 65,195,839	\$ 65,413,637
Buildings	32,731,587	32,731,587
Improvements other than Buildings	38,972,594	38,053,390
Machinery and Equipment	23,969,453	23,042,871
Infrastructure	124,396,371	122,199,943
Construction in Progress	22,426,454	1,443,113
Total Governmental Funds Capital Assets	<u>\$ 307,692,298</u>	<u>\$ 282,884,541</u>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
General Fund	\$ 245,162,644	\$ 241,355,610
Capital Projects Fund	35,489,358	16,826,099
Federal Grants	635,635	635,635
Road Funds	17,928,501	16,128,168
Redevelopment	4,159,780	4,021,742
Community Development	4,316,380	3,917,287
Total Governmental Funds Capital Assets	<u>\$ 307,692,298</u>	<u>\$ 282,884,541</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, 2020

Function and Activity	Land	Buildings	Improvements Other Than Buildings
<b>General Government:</b>			
Executive	\$ -	\$ 2,075	\$ 81,479
Personnel Administration	-	-	-
Finance	-	-	26,263
Legal	-	-	-
Development Services	-	-	-
General Government	1,710,203	3,841,058	4,597,421
Engineering	-	-	-
Redevelopment	1,714,040	-	85,080
Community Development	-	8,105	1,673,454
<b>Total General Government</b>	<u>3,424,243</u>	<u>3,851,238</u>	<u>6,463,697</u>
<b>Public Safety:</b>			
Administration	-	5,377,906	28,407
Police Protection	-	-	145,296
Fire Protection	174,096	2,486,089	935,128
Emergency Services	-	1,580	-
<b>Total Public Safety</b>	<u>174,096</u>	<u>7,865,575</u>	<u>1,108,831</u>
<b>Highways and Streets:</b>			
Administration & Engineering	33,550	7,874,114	363,324
Street System	51,190,789	69,298	3,841,879
Street Lighting	-	-	1,421,854
<b>Total Highways and Streets</b>	<u>51,224,339</u>	<u>7,943,412</u>	<u>5,627,057</u>
<b>Parks and Recreation</b>	10,150,816	8,252,592	24,435,375
<b>Library</b>	222,345	4,818,770	1,337,634
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 65,195,839</u>	<u>\$ 32,731,587</u>	<u>\$ 38,972,594</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
327,393	-	-	353,656
21,498	-	-	21,498
179,778	-	-	179,778
176,997	291,428	-	10,617,107
385,392	-	-	385,392
-	2,283,820	76,840	4,159,780
-	2,234,831	399,988	4,316,378
<u>1,846,463</u>	<u>4,810,079</u>	<u>476,828</u>	<u>20,872,548</u>
1,236,792	-	-	6,643,105
6,316,919	-	-	6,462,215
6,984,069	253,496	1,283,144	12,116,022
77,072	-	-	78,652
<u>14,614,852</u>	<u>253,496</u>	<u>1,283,144</u>	<u>25,299,994</u>
349,734	-	-	8,620,722
3,484,123	117,356,706	3,408,600	179,351,395
-	1,136,156	-	2,558,010
<u>3,833,857</u>	<u>118,492,862</u>	<u>3,408,600</u>	<u>190,530,127</u>
2,987,309	839,934	12,622,760	59,288,786
686,972	-	4,635,122	11,700,843
<u>\$ 23,969,453</u>	<u>\$ 124,396,371</u>	<u>\$ 22,426,454</u>	<u>\$ 307,692,298</u>

City of Orem  
Schedules of Capital Assets Used in The Operations of Governmental Funds  
Schedule of Changes By Function and Activity<sup>1</sup>  
For The Year Ended June 30, 2020

Function and Activity	Governmental Funds Capital Assets June 30, 2019	Additions	Deductions	Governmental Funds Capital Assets June 30, 2020
<b>General Government:</b>				
Executive	\$ 830,946	\$ -	\$ -	\$ 830,946
Personnel Administration	8,013	-	-	8,013
Finance	305,647	62,299	(14,290)	353,656
Legal	21,498	-	-	21,498
Development Services	167,977	11,800	-	179,777
General Government	10,547,108	69,999	-	10,617,107
Engineering	332,709	52,683	-	385,392
Redevelopment	4,021,742	138,038	-	4,159,780
Community Development	3,917,287	399,092	-	4,316,379
Total General Government	<u>20,152,927</u>	<u>733,911</u>	<u>(14,290)</u>	<u>20,872,548</u>
<b>Public Safety:</b>				
Administration	6,643,105	-	-	6,643,105
Police Protection	6,091,298	702,630	(331,713)	6,462,215
Fire Protection	11,136,322	1,381,593	(401,892)	12,116,023
Emergency Services	78,652	-	-	78,652
Total Public Safety	<u>23,949,377</u>	<u>2,084,223</u>	<u>(733,605)</u>	<u>25,299,995</u>
<b>Highways and Streets:</b>				
Administration & Engineering	8,636,218	-	(15,496)	8,620,722
Street System	173,907,054	6,515,452	(1,071,111)	179,351,395
Street Lighting	2,558,010	-	-	2,558,010
Total Highways and Streets	<u>185,101,282</u>	<u>6,515,452</u>	<u>(1,086,607)</u>	<u>190,530,127</u>
<b>Parks and Recreation</b>	46,374,270	13,019,220	(104,705)	59,288,785
<b>Library</b>	7,306,685	4,394,158	-	11,700,843
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 282,884,541</u>	<u>\$ 26,746,964</u>	<u>\$ (1,939,207)</u>	<u>\$ 307,692,298</u>

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

# STATISTICAL SECTION

# STATISTICAL SECTION

(Unaudited)

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	146
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>	154
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>	165
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>	175
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>	178
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			
	2011	2012	2013	2014
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 120,200,518	\$ 118,628,873	\$ 116,156,331	\$ 119,632,622
Restricted:				
Debt Service	5,213,847	5,243,669	3,321,577	3,962,783
Capital Improvements	11,343,346	12,514,381	14,939,254	13,182,105
Pensions	-	-	-	-
Community Development	4,511,078	4,969,244	5,238,370	2,077,923
Subtotal - Restricted	21,068,271	22,727,294	23,499,201	19,222,811
Unrestricted	11,301,287	12,619,271	15,467,624	18,050,956
Total Governmental Activities Net Position	152,570,076	153,975,438	155,123,156	156,906,389
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	50,282,917	51,205,188	52,401,013	51,205,761
Restricted:				
Debt Service	3,696,467	2,140,970	2,035,413	2,415,159
Capital Improvements	372,691	103,510	-	44,000
Pensions	-	-	-	-
Subtotal - Restricted	4,069,158	2,244,480	2,035,413	2,459,159
Unrestricted	8,249,952	11,483,226	13,503,553	17,867,439
Total Business-type Activities Net Position	62,602,027	64,932,894	67,939,979	71,532,359
<b>Primary Government:</b>				
Net Investment in Capital Assets	170,483,435	169,834,061	168,557,344	170,838,383
Restricted:				
Debt Service	8,910,314	7,384,639	5,356,990	6,377,942
Capital Improvements	11,716,037	12,617,891	14,939,254	13,226,105
Pensions	-	-	-	-
Community Development	4,511,078	4,969,244	5,238,370	2,077,923
Subtotal - Restricted	25,137,429	24,971,774	25,534,614	21,681,970
Unrestricted	19,551,239	24,102,497	28,971,177	35,918,395
Total Primary Government Net Position	\$ 215,172,103	\$ 218,908,332	\$ 223,063,135	\$ 228,438,748

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 125,400,639	\$ 126,818,760	\$ 131,968,221	\$ 133,402,160	\$ 134,356,643	\$ 138,676,061
4,397,812	3,276,616	3,124,343	3,344,100	5,845,268	4,928,893
13,746,082	14,968,717	12,172,402	12,037,092	15,739,000	18,992,324
474,700	18,819	11,876	871,227	-	2,426,403
2,325,070	1,966,450	2,465,412	3,609,728	3,832,719	4,048,008
20,943,664	20,230,602	17,774,033	19,862,147	25,416,987	30,395,628
14,694,051	22,000,259	23,803,593	27,529,253	29,921,317	36,678,544
161,038,354	169,049,621	173,545,847	180,793,560	189,694,947	205,750,233
55,221,666	56,904,569	59,715,600	63,143,175	69,151,941	74,134,249
1,658,404	2,448,592	1,860,333	1,995,491	2,121,261	2,157,258
66,000	88,000	110,000	194,727	983,589	1,057,806
2,025	145	-	-	-	-
1,726,429	2,536,737	1,970,333	2,190,218	3,104,850	3,215,064
18,391,654	20,298,964	27,455,917	37,657,454	47,291,346	61,047,974
75,339,749	79,740,270	89,141,850	102,990,847	119,548,137	138,397,287
180,622,305	183,723,329	191,683,821	196,545,335	203,508,584	212,810,310
6,056,216	5,725,208	4,984,676	5,339,591	7,966,529	7,086,151
13,812,082	15,056,717	12,282,402	12,231,819	16,722,589	20,050,130
476,725	18,964	11,876	871,227	-	2,426,403
2,325,070	1,966,450	2,465,412	3,609,728	3,832,719	4,048,008
22,670,093	22,767,339	19,744,366	22,052,365	28,521,837	33,610,692
33,085,705	42,299,223	51,259,510	65,186,707	77,212,663	97,726,518
\$ 236,378,103	\$ 248,789,891	\$ 262,687,697	\$ 283,784,407	\$ 309,243,084	\$ 344,147,520

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

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
<b>Expenses</b>						
Governmental Activities:						
General Government	\$ 10,878,275	\$ 11,154,305	\$ 11,534,649	\$ 12,398,443	\$ 10,948,663	\$ 11,148,210
Public Safety	21,030,800	21,611,770	21,305,592	20,927,444	20,363,836	21,750,059
Highways and Public Improvements	8,445,665	7,987,142	7,485,469	7,583,113	7,360,050	7,426,758
Parks, Recreation and Arts	9,018,719	9,266,216	8,961,377	8,415,399	8,448,553	8,704,800
Economic and Physical Development	1,831,623	1,664,674	778,954	815,708	513,855	867,172
Redevelopment	1,039,965	1,651,667	1,217,886	1,305,271	1,320,100	187,497
Interest on Long-term Debt	1,857,526	3,654,187	6,151,718	6,585,839	3,990,714	3,624,749
Total Governmental Activities Expenses	<u>54,102,573</u>	<u>56,989,961</u>	<u>57,435,645</u>	<u>58,031,217</u>	<u>52,945,771</u>	<u>53,709,245</u>
Business-type Activities:						
Water	9,726,003	9,993,501	10,405,264	10,765,320	10,460,803	10,335,616
Water Reclamation	5,924,058	6,173,984	6,164,406	6,597,101	6,268,592	6,716,548
Storm Water	2,272,163	2,335,612	2,338,213	2,401,066	2,444,269	2,460,540
Recreation	1,765,355	1,818,935	1,758,026	1,716,490	1,949,301	2,023,758
Solid Waste	3,180,647	3,189,138	2,999,632	3,207,627	3,139,688	3,174,442
Street Lighting	1,282,288	1,231,494	1,260,509	1,283,895	1,297,064	1,396,270
Total Business-type Activities Expenses	<u>24,160,414</u>	<u>24,688,663</u>	<u>24,926,050</u>	<u>25,971,499</u>	<u>25,559,717</u>	<u>26,107,672</u>
Total Primary Government Expenses	<u>78,262,987</u>	<u>81,678,624</u>	<u>82,361,695</u>	<u>84,002,716</u>	<u>78,505,488</u>	<u>79,816,917</u>
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services:						
General Government	8,778,383	9,943,923	9,624,404	10,180,619	11,868,366	10,018,102
Public Safety	4,246,902	4,116,110	4,306,443	4,276,822	5,229,158	5,904,235
Parks, Recreation and Arts	818,010	833,489	820,453	856,832	751,427	936,415
All Others	9,571	78,199	163,099	76,768	118,984	117,234
Operating Grants and Contributions	2,254,533	2,077,014	1,273,162	1,271,755	1,332,898	1,333,496
Capital Grants and Contributions	2,966,474	2,565,504	2,613,082	2,413,909	4,017,121	2,789,074
Total Governmental Activities Program Revenues	<u>19,073,873</u>	<u>19,614,239</u>	<u>18,800,643</u>	<u>19,076,705</u>	<u>23,317,954</u>	<u>21,098,556</u>
Business-type Activities:						
Charges for Services:						
Water	9,237,211	11,040,897	11,021,745	13,201,526	13,425,701	13,336,792
Water Reclamation	6,597,342	6,811,766	7,146,508	7,520,706	8,007,161	7,281,870
Storm Water	2,639,270	2,944,351	3,091,807	3,103,768	3,170,515	3,451,551
Recreation	1,656,084	1,704,847	1,650,645	1,869,357	1,546,991	1,583,477
Solid Waste	3,102,999	3,180,937	3,237,559	3,369,722	3,400,369	3,515,859
Street Lighting	864,928	869,312	897,073	1,011,739	985,291	988,481
Capital Grants and Contributions	112,480	73,400	394,507	723,964	591,886	510,138
Total Business-type Activities Program Revenues	<u>24,210,314</u>	<u>26,625,510</u>	<u>27,440,443</u>	<u>30,300,782</u>	<u>31,128,004</u>	<u>30,668,168</u>
Total Primary Government Program Revenues	<u>43,284,187</u>	<u>46,239,749</u>	<u>46,241,086</u>	<u>49,377,487</u>	<u>54,445,958</u>	<u>51,766,724</u>
<b>Net (Expense) Revenue</b>						
Governmental Activities	(35,028,700)	(37,375,722)	(38,635,002)	(38,954,512)	(29,627,817)	(32,610,689)
Business-type Activities	69,900	1,936,847	2,514,393	4,320,283	5,568,287	4,560,496
Total Primary Government Net (Expense) Revenue	<u>\$ (34,958,800)</u>	<u>\$ (35,438,875)</u>	<u>\$ (36,120,609)</u>	<u>\$ (34,634,229)</u>	<u>\$ (24,059,530)</u>	<u>\$ (28,050,193)</u>
<b>General Revenues and Other Changes in Net Position</b>						
Governmental Activities:						
Taxes:						
Sales Taxes	17,096,224	18,106,273	18,944,647	19,818,967	20,727,557	21,405,733
Property Taxes	10,893,480	11,008,739	11,517,710	11,065,522	9,839,659	9,229,764
Franchise Taxes	7,301,384	7,437,757	7,816,921	7,966,780	7,698,687	7,853,723
Vehicle and Other Taxes	1,332,835	1,963,732	1,585,215	1,402,481	828,941	1,022,038
Unrestricted Investment Earnings	180,340	288,930	274,462	421,721	402,246	688,184
Gain on Sale of Capital Assets	17,405	73,693	43,371	54,728	2,539,390	19,127
Transfers	91,933	(98,040)	(399,606)	500,649	532,903	403,187
Total Governmental Activities	<u>36,913,401</u>	<u>38,781,084</u>	<u>39,782,720</u>	<u>41,220,848</u>	<u>42,569,393</u>	<u>40,621,956</u>
Business-type Activities:						
Unrestricted Investment Earnings	80,038	125,187	90,651	98,093	122,371	175,933
Gain (Loss) on Sale of Capital Assets	(26,296)	170,813	2,435	10,733	85,244	67,279
Transfers	(91,933)	98,040	399,606	(500,649)	(532,903)	(403,187)
Total Business-type Activities	<u>(38,191)</u>	<u>394,020</u>	<u>492,692</u>	<u>(391,823)</u>	<u>(325,288)</u>	<u>(169,975)</u>
Total Primary Government	<u>36,875,210</u>	<u>39,175,104</u>	<u>40,275,412</u>	<u>40,829,025</u>	<u>42,244,105</u>	<u>40,451,981</u>
<b>Change in Net Position</b>						
Governmental Activities	1,884,701	1,405,362	1,147,718	2,266,336	12,941,576	8,011,267
Business-type Activities	21,709	2,330,807	3,007,085	3,937,460	5,242,999	4,400,621
Total Primary Government	<u>\$ 1,906,410</u>	<u>\$ 3,736,229</u>	<u>\$ 4,154,803</u>	<u>\$ 6,203,796</u>	<u>\$ 18,184,575</u>	<u>\$ 12,411,888</u>



Fiscal Year			
2017	2018	2019	2020
14,160,153	\$ 13,153,262	\$ 15,017,456	\$ 15,221,971
23,578,262	23,214,380	25,463,111	26,294,148
7,085,621	7,012,058	7,688,525	7,573,688
9,471,883	10,561,367	9,613,483	8,734,158
950,630	1,504,742	887,655	709,334
1,286,498	756,175	1,004,364	1,258,821
3,596,868	3,505,369	4,122,763	4,732,568
59,129,915	59,707,353	63,797,357	64,524,688
11,021,079	12,570,988	13,361,446	13,039,211
6,723,894	7,117,138	7,517,084	7,540,672
2,371,647	2,567,634	2,837,289	3,119,773
1,902,095	1,993,090	2,041,021	1,268,441
3,283,310	3,617,304	3,764,859	4,277,997
1,174,100	981,777	474,442	481,587
26,536,525	28,847,931	29,996,141	29,717,681
85,666,440	88,555,284	93,793,498	94,242,369
9,718,116	10,147,593	11,286,060	10,198,818
5,768,195	6,006,638	6,405,407	7,804,339
2,008,377	1,495,408	1,506,624	240,568
186,321	332,034	350,681	1,467,081
1,195,663	1,537,093	1,392,846	6,228,568
3,171,938	3,876,983	5,246,807	4,513,950
22,048,610	23,395,749	26,188,425	30,453,324
15,547,544	18,355,800	18,934,096	20,821,417
8,619,099	9,678,758	11,519,137	13,070,784
4,001,972	4,350,123	3,775,819	5,050,924
1,617,273	1,669,021	1,609,329	746,080
3,571,029	3,692,573	3,845,141	4,098,072
995,480	1,023,360	1,214,710	914,292
1,383,925	3,973,808	4,196,701	3,179,941
35,737,232	42,744,349	46,094,933	47,881,510
57,785,832	66,140,098	72,283,358	78,334,834
(37,081,805)	(36,311,004)	(37,608,932)	(34,071,364)
9,200,697	13,896,418	16,098,732	18,163,829
\$ (27,880,698)	\$ (22,415,186)	\$ (21,510,140)	\$ (16,907,535)
22,750,700	24,361,704	24,944,421	28,151,500
9,141,823	8,669,177	9,701,393	10,432,989
7,894,110	7,961,936	7,887,332	7,865,944
881,179	1,031,833	886,489	965,636
603,500	778,978	2,289,679	2,060,562
103,983	39,699	163,730	323,466
202,230	715,990	637,275	326,463
41,577,531	43,559,317	46,510,319	50,126,650
285,761	588,795	1,088,658	1,037,245
117,352	79,774	7,115	(25,461)
(202,230)	(715,990)	(637,275)	(326,463)
200,883	(47,421)	458,498	685,321
41,778,414	43,511,896	46,968,817	50,811,971
4,496,220	7,247,713	8,901,387	16,055,286
9,401,580	13,848,997	16,557,290	18,849,150
\$ 13,897,806	\$ 21,096,710	\$ 25,468,677	\$ 34,904,436

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ 107,041	\$ 97,590	\$ 183,807	\$ 146,343
Restricted	5,439,904	5,367,461	5,721,516	5,554,462
Committed	497,768	75,000	75,000	75,000
Assigned	1,226,527	2,145,703	1,500,374	1,893,107
Unassigned	3,471,493	3,396,016	6,092,838	10,073,358
Total General Fund	<u>10,742,733</u>	<u>11,081,770</u>	<u>13,573,535</u>	<u>17,742,270</u>
<b>All Other Governmental Funds</b>				
Nonspendable	3,406,170	4,341,351	2,473,532	-
Restricted	12,115,156	12,920,892	15,120,346	13,522,006
Committed	109,753	-	-	-
Assigned	1,158,818	2,487,021	3,518,562	2,380,417
Total All Other Governmental Funds	<u>16,789,897</u>	<u>19,749,264</u>	<u>21,112,440</u>	<u>15,902,423</u>
<b>Total Governmental Funds</b>				
Nonspendable	3,513,211	4,438,941	2,657,339	146,343
Restricted	17,555,060	18,288,353	20,841,862	19,076,468
Committed	607,521	75,000	75,000	75,000
Assigned	2,385,345	4,632,724	5,018,936	1,273,524
Unassigned	3,471,493	3,396,016	6,092,838	10,073,358
Total Governmental Funds	<u>\$ 27,532,630</u>	<u>\$ 30,831,034</u>	<u>\$ 34,685,975</u>	<u>\$ 33,644,693</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 70,707	\$ 57,122	\$ 51,517	\$ 42,132	\$ 36,328	\$ 49,995
6,057,938	6,484,410	7,292,911	8,333,431	8,673,237	8,722,475
-	-	-	-	-	-
3,125,711	3,562,553	2,844,275	3,559,271	4,836,744	10,203,415
12,747,875	11,474,137	12,829,323	13,449,103	13,948,108	12,376,113
22,002,231	21,578,222	23,018,026	25,383,937	27,494,417	31,351,998
-	-	1,000	-	-	-
14,340,319	13,653,867	10,416,729	10,615,357	42,158,789	30,145,964
-	5,380,123	-	-	-	-
6,546,914	11,071,273	12,327,020	13,678,638	17,592,552	19,204,402
20,887,233	30,105,263	22,744,749	24,293,995	59,751,341	49,350,366
70,707	57,122	52,517	42,132	36,328	49,995
20,398,257	20,138,277	17,709,640	18,948,788	50,832,026	38,868,439
-	5,380,123	-	-	-	-
9,672,625	14,633,826	15,171,295	17,237,909	22,429,296	29,407,817
12,747,875	11,474,137	12,829,323	13,449,103	13,948,108	12,376,113
\$ 42,889,464	\$ 51,683,485	\$ 45,762,775	\$ 49,677,932	\$ 87,245,758	\$ 80,702,364

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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
Taxes and Special Assessments	\$ 36,999,164	\$ 40,286,108	\$ 40,595,860	\$ 40,004,715	\$ 43,549,348
Licenses and Permits	1,213,994	1,093,859	1,147,855	1,437,173	2,524,794
Intergovernmental	5,221,007	4,642,518	3,886,244	3,685,664	5,350,019
Charges for Services	5,744,989	5,789,061	6,026,996	6,387,452	7,624,838
Fines and Forfeitures	1,073,523	1,343,329	1,358,345	1,587,870	1,792,829
Charges for Services - Other Funds	4,239,346	4,478,369	4,447,898	4,498,406	4,042,299
Impact Fees	-	-	-	-	-
Investment Earnings	259,815	340,125	274,439	420,619	397,648
Miscellaneous Revenue	1,892,299	2,256,723	1,889,659	1,557,414	1,587,285
<b>Total Revenues</b>	<b>56,644,137</b>	<b>60,230,092</b>	<b>59,627,296</b>	<b>59,579,313</b>	<b>66,869,060</b>
<b>Expenditures</b>					
General Government	11,562,870	10,348,586	11,093,324	11,609,569	11,539,358
Public Safety	20,098,983	20,371,289	20,332,951	19,951,315	19,847,226
Highways and Public Improvements	4,285,166	3,707,727	2,974,008	2,934,326	2,828,824
Parks, Recreation and Arts	7,510,159	7,730,925	7,558,171	7,016,106	7,485,247
Economic and Physical Development	630,073	1,588,116	707,403	707,759	886,236
Redevelopment	950,536	1,562,238	1,128,457	1,215,842	1,231,600
Debt Service:					
Principal Retirement	4,877,352	3,834,833	3,130,714	3,814,621	5,486,955
Interest and Fiscal Charges	1,983,792	3,821,259	6,233,296	6,706,815	4,201,272
Capital Lease Payments - Principal	34,028	31,132	98,213	108,318	108,376
Capital Lease Payments - Interest	1,718	1,989	12,099	10,218	9,177
Capital Outlay	4,712,497	4,435,299	1,963,153	7,180,569	7,573,606
<b>Total Expenditures</b>	<b>56,647,174</b>	<b>57,433,393</b>	<b>55,231,789</b>	<b>61,255,458</b>	<b>61,197,877</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>(3,037)</b>	<b>2,796,699</b>	<b>4,395,507</b>	<b>(1,676,145)</b>	<b>5,671,183</b>
<b>Other Financing Sources (Uses)</b>					
Issuance of Bonds & Other Debt	1,915,000	1,814,000	-	-	10,174,331
Payment to Bond Refunding Agent	-	(1,785,000)	-	-	(9,792,760)
Proceeds from Asset Disposals	25,000	45,598	48,275	107,760	42,869
Proceeds from Lease Relinquishments	-	-	-	-	2,500,000
Capital Leases	73,078	525,147	-	26,454	64,113
Transfers In	4,018,147	5,933,470	7,199,980	7,452,857	11,483,900
Transfers Out	(3,925,610)	(6,031,510)	(7,788,821)	(6,952,208)	(10,898,865)
<b>Total Other Financing Sources (Uses)</b>	<b>2,105,615</b>	<b>501,705</b>	<b>(540,566)</b>	<b>634,863</b>	<b>3,573,588</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,102,578</b>	<b>\$ 3,298,404</b>	<b>\$ 3,854,941</b>	<b>\$ (1,041,282)</b>	<b>\$ 9,244,771</b>
<b>Debt Service as a percentage of Noncapital Expenditures</b>	<b>12.9%</b>	<b>14.3%</b>	<b>17.4%</b>	<b>19.2%</b>	<b>17.7%</b>

Fiscal Year				
2016	2017	2018	2019	2020
\$ 39,473,431	\$ 40,804,822	\$ 41,982,483	\$ 43,735,686	\$ 47,401,515
1,745,483	1,815,943	1,813,030	2,564,527	1,661,515
4,122,570	4,367,601	5,326,785	4,827,536	9,989,011
7,671,801	7,944,803	8,049,206	8,912,692	8,702,243
1,588,994	1,699,609	1,839,251	1,736,445	1,386,474
3,666,672	3,739,141	4,283,205	4,813,925	5,039,118
-	-	87,291	1,812,117	753,507
691,037	602,736	776,059	2,286,635	2,061,462
1,670,552	2,254,504	1,887,641	1,362,254	1,816,174
60,630,540	63,229,159	66,044,951	72,051,817	78,811,019
12,143,760	12,810,872	13,245,295	14,378,024	14,730,287
21,144,586	21,752,711	22,539,915	23,577,274	24,553,748
2,922,708	3,029,415	3,053,824	3,195,426	3,226,153
7,512,284	7,593,094	7,465,177	7,889,131	7,940,137
788,526	862,478	1,056,219	792,306	601,842
99,182	1,195,421	761,151	911,069	913,706
4,369,370	3,515,873	3,095,833	1,820,799	1,527,961
3,802,678	3,554,590	3,473,151	3,694,732	4,935,277
114,173	109,494	546,506	426,000	435,000
7,037	4,540	311,092	126,221	117,353
6,044,338	15,109,224	7,426,441	6,743,546	27,476,266
58,948,642	69,537,712	62,974,604	63,554,528	86,457,730
1,681,898	(6,308,553)	3,070,347	8,497,289	(7,646,711)
-	2,898,000	-	28,209,763	-
-	(2,861,199)	-	-	-
19,127	103,983	77,614	155,055	704,035
-	-	-	-	-
6,739,000	-	-	-	-
12,998,035	11,857,495	13,220,391	14,702,520	12,071,658
(12,644,039)	(11,610,436)	(12,453,195)	(13,996,801)	(11,672,376)
7,112,123	387,843	844,810	29,070,537	1,103,317
\$ 8,794,021	\$ (5,920,710)	\$ 3,915,157	\$ 37,567,826	\$ (6,543,394)
15.3%	12.8%	12.8%	10.0%	11.6%

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

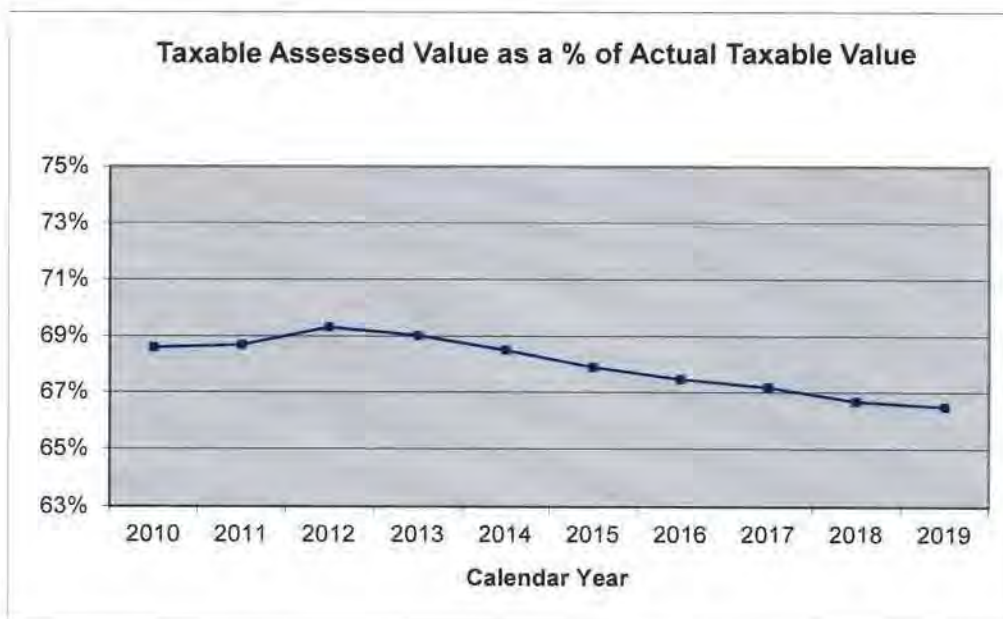
Calendar Year <sup>1</sup>	Taxable Assessed Value				
	Primary Residential Property	Other Residential Property	Commercial & Industrial Property	Agricultural Property	Unimproved Real Property
	2010	\$ 2,442,893,252	\$ 69,047,883	\$ 1,665,301,399	\$ 477,597
2011	2,319,187,515	60,784,441	1,551,035,553	446,286	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
2019	4,166,790,367	15,841,000	2,053,671,086	904,733	173,954,008

**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
\$	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%
	339,452,728	43,518,173	6,794,132,095	0.001260	10,216,285,032	66.50%



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

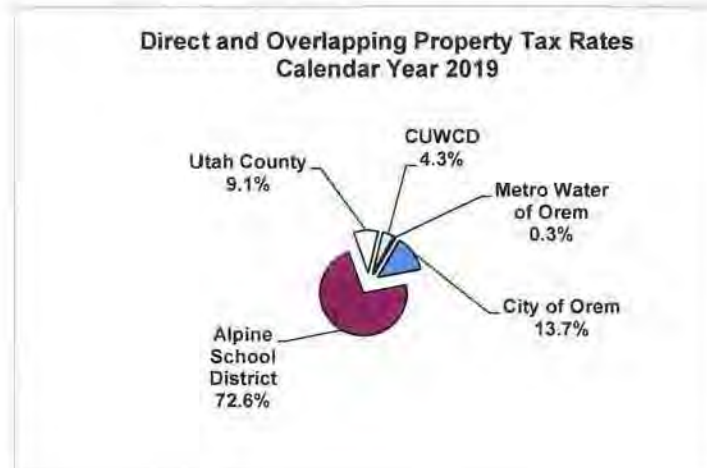
Calendar Year <sup>2</sup>	City of Orem Direct Rates			Overlapping Rates <sup>1</sup>				Total
	General Fund	Debt Service Fund	Total Direct Rate	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem	
2010	0.001220	0.000519	0.001739	0.008220	0.001294	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
2019	0.000983	0.000277	0.001260	0.006699	0.000839	0.000400	0.000027	0.009225

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)**

<u>Taxpayer</u>	<u>Calendar Year</u> <u>2019</u>			<u>Calendar Year</u> <u>2010</u>		
	<u>Taxable Assessed Value<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
University Place	\$ 211,635,900	1	3.11%	\$ 120,206,350	1	2.68%
Pacificorp	66,814,547	2	0.98%	48,836,943	4	1.09%
Woodtusk LLC	66,118,300	3	0.97%	----		----
TCU Properties	57,562,000	4	0.85%	61,339,865	2	----
Midtown360 LLC	54,703,568	5	0.81%	----		----
Timpanogos Regional Hospital	46,479,600	6	0.68%	49,741,991	3	1.11%
Parkway Lofts LLC	42,220,200	7	0.62%	----		----
Dominion Energy (Questar Gas)	40,689,800	8	0.60%	16,568,169	9	0.37%
Pinnacle Apartments	34,943,200	9	0.51%	----		----
Wolverine Crossing LLC	30,175,300	10	0.44%	19,401,808	7	0.43%
University Crossing Shopping Ctr	28,242,900	11	0.42%	----		----
Carillon Square LLC	25,817,600	12	0.38%	----		----
CenturyLink (Qwest Corp.)	----		----	23,368,370	5	0.52%
Greater Growth Properties (GGP)	----		----	20,751,706	6	0.46%
Retail Trust III (Walmart)	----		----	16,796,051	8	0.37%
Orem Eastpointe LLC	----		----	14,553,007	10	0.32%
Dayton Hudson Corporation	----		----	14,268,829	11	0.32%
Canyon River Partnership LLC	----		----	13,367,672	12	0.30%
<b>Total</b>	<u>\$ 705,402,915</u>		<u>10.38%</u>	<u>\$ 419,200,761</u>		<u>9.34%</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
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%	484,862	7,543,905
2017	7,204,690	6,754,817	93.76%	415,580	7,170,397
2018	7,252,003	6,740,722	92.95%	394,179	7,134,901
2019	7,480,867	6,825,355	91.24%	539,380	7,364,735

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

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes by Tax Levy Year</u>	<u>Ratio of Outstanding Delinquent Taxes to Total Tax Levy</u>
98.60%	\$ 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%
99.44%	42,160	0.56%
99.52%	34,293	0.48%
98.39%	117,102	1.61%
98.45%	116,132	1.55%

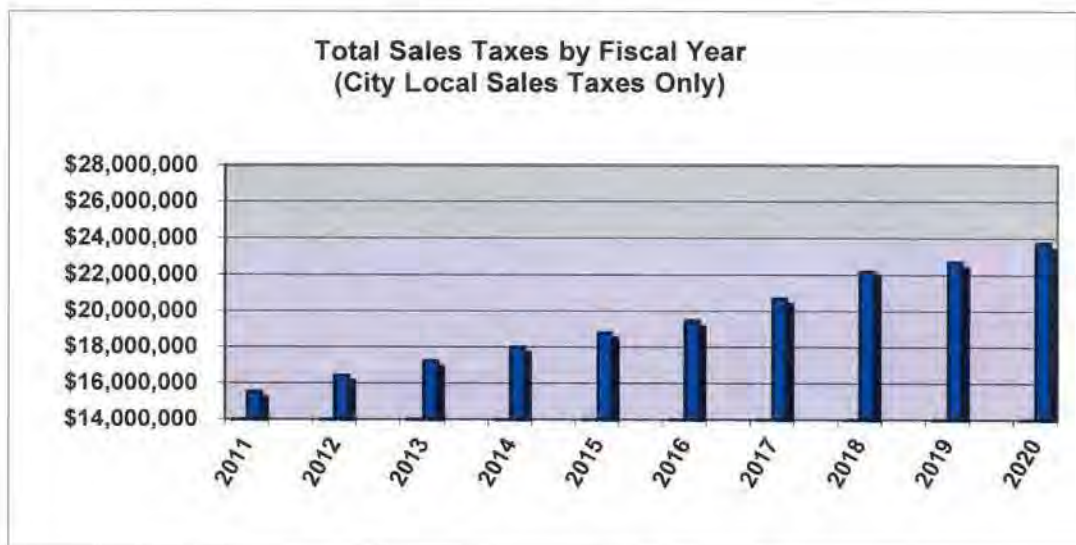
City of Orem  
Sales Taxes by Category  
Last Ten Fiscal Years  
(Unaudited)

	Fiscal Year			
	2011	2012	2013	2014
General Merchandise and Groceries	\$ 4,712,411	\$ 4,959,192	\$ 5,030,506	\$ 5,140,689
Building Materials, Hardware, and Tools	1,499,525	1,589,790	1,576,835	1,661,997
Auto Dealers, Supplies, and Accessories	2,141,910	2,338,347	2,769,371	2,874,555
Home Furnishings, Appliances, & Electronics	1,428,452	1,560,747	1,614,843	1,685,399
Eating and Drinking Establishments	1,097,571	1,200,356	1,104,646	1,168,448
Clothing, Apparel, and Accessories	1,352,740	1,435,943	1,397,682	1,464,384
Professional Equipment and Supplies	933,040	1,031,773	1,207,903	1,378,551
Arts, Crafts, and Specialty Items	338,630	312,424	291,241	322,670
Amusement and Recreation	540,342	559,763	551,462	578,775
All Other Categories	1,494,365	1,465,414	1,688,683	1,732,104
Subtotal - City Local Sales Tax	15,538,986	16,453,749	17,233,172	18,007,572
Cultural Arts & Recreation Enhancement (CARE)	1,557,238	1,652,524	1,711,475	1,811,395
Transportation Infrastructure	-	-	-	-
Mass Transit - Additional	-	-	-	-
<b>Total City Sales Taxes</b>	<b>\$ 17,096,224</b>	<b>\$ 18,106,273</b>	<b>\$ 18,944,647</b>	<b>\$ 19,818,967</b>
Total City Sales Tax Rate <sup>1</sup>	1.10%	1.10%	1.10%	1.10%
% Increase (Decrease) from prior year, All	1.89%	5.91%	4.63%	4.62%
% Increase (Decrease) from prior year, City Local Sales Tax Only	1.71%	5.89%	4.74%	4.49%

**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 164 for additional information regarding this rate.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,277,987	\$ 5,333,279	\$ 5,637,951	\$ 5,934,245	\$ 6,105,107	\$ 6,578,582
1,801,399	1,952,417	2,299,711	2,585,913	3,028,016	3,479,383
2,899,382	2,979,991	3,151,370	3,410,522	3,694,537	3,802,737
1,786,258	1,822,364	1,964,207	2,101,318	2,082,860	1,807,145
1,245,543	1,314,508	1,499,483	1,749,330	1,809,424	1,664,412
1,528,112	1,573,936	1,552,018	1,582,714	1,299,340	1,129,901
1,429,657	1,526,283	1,554,830	1,596,802	1,602,008	1,893,016
359,128	382,199	377,497	387,574	358,450	367,346
650,710	656,716	674,845	683,181	726,998	743,740
1,852,879	1,921,222	2,002,205	2,166,357	2,027,097	2,270,648
18,831,055	19,462,915	20,714,117	22,197,956	22,733,837	23,736,910
1,888,230	1,934,153	2,028,528	2,163,259	2,208,004	2,284,064
-	-	-	-	-	2,129,802
8,272	8,665	8,062	489	2,580	814
<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>	<b>\$ 28,151,590</b>
1.10%	1.10%	1.10%	1.10%	1.20%	1.20%
4.58%	3.27%	6.28%	7.08%	2.39%	12.86%
4.57%	3.36%	6.43%	7.16%	2.41%	4.41%



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

	Fiscal Year 2020			
	Number of Filers	Percentage of Total	Local Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	1,428	17.12%	\$ 6,578,582	27.71%
Building Materials, Hardware, and Tools	394	4.72%	\$ 3,479,383	14.66%
Auto Dealers, Supplies, and Accessories	485	5.82%	\$ 3,802,737	16.02%
Home Furnishings, Appliances, & Electronics	346	4.15%	\$ 1,807,145	7.61%
Eating and Drinking Establishments	334	4.00%	\$ 1,664,412	7.01%
Clothing, Apparel, and Accessories	545	6.53%	\$ 1,129,901	4.76%
Professional Equipment and Supplies	1,461	17.52%	\$ 1,893,016	7.97%
Arts, Crafts, and Specialty Items	420	5.04%	\$ 367,346	1.55%
Amusement and Recreation	487	5.84%	\$ 743,740	3.13%
All Other Categories	2,440	29.26%	\$ 2,270,648	9.57%
<b>Total</b>	<b>8,340</b>	<b>100.00%</b>	<b>\$ 23,736,910</b>	<b>100.00%</b>

	Fiscal Year 2011			
	Number of Filers	Percentage of Total	Local Sales Tax Revenue	Percentage of Total
General Merchandise and Groceries	260	10.53%	\$ 4,712,411	30.33%
Building Materials, Hardware, and Tools	149	6.03%	\$ 1,499,525	9.65%
Auto Dealers, Supplies, and Accessories	242	9.80%	\$ 2,141,910	13.78%
Home Furnishings, Appliances, & Electronics	201	8.14%	\$ 1,428,452	9.19%
Eating and Drinking Establishments	184	7.45%	\$ 1,097,571	7.06%
Clothing, Apparel, and Accessories	164	6.64%	\$ 1,352,740	8.71%
Professional Equipment and Supplies	281	11.38%	\$ 933,040	6.00%
Arts, Crafts, and Specialty Items	277	11.21%	\$ 338,630	2.18%
Amusement and Recreation	126	5.10%	\$ 540,342	3.48%
All Other Categories	586	23.72%	\$ 1,494,365	9.62%
<b>Total</b>	<b>2,470</b>	<b>100.00%</b>	<b>\$ 15,538,986</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 2020			Fiscal Year 2011		
	Local Sales Taxes <sup>1</sup>	Rank	Percentage of Total Local Sales Taxes <sup>1</sup>	Local Sales Taxes <sup>1</sup>	Rank	Percentage of Total Local Sales Taxes <sup>1</sup>
	Costco Wholesale Corporation	N/A	1	N/A	N/A	1
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
Winco Foods	N/A	5	N/A	N/A	10	N/A
RC Willey Home Furnishings	N/A	6	N/A	N/A	4	N/A
Pacificorp (Utah Power & Light)	N/A	7	N/A	N/A	5	N/A
Mountainland Supply Company	N/A	8	N/A	----		----
Ken Garff Honda of Orem	N/A	9	N/A	N/A	11	N/A
BMC Holdings Inc.	N/A	10	N/A	----		----
Lowes Home Centers LLC	N/A	11	N/A	----		----
Smith's Food & Drug	N/A	12	N/A	----		----
Ken Garff Nissan of Orem	----		----	N/A	7	N/A
U.S. Synthetic Corporation	----		----	N/A	8	N/A
Best Buy Stores LP	----		----	N/A	9	N/A
Dominion Energy (Questar Gas)	----		----	N/A	12	N/A
<b>Total</b>	<b>\$ 6,821,497</b>		<b>28.74%</b>	<b>\$ 5,630,760</b>		<b>31.27%</b>

Source: Utah State Tax Commission.

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

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

City Direct Sales Tax Rates				
Fiscal Year	City	City	City	Total
	Direct Rate	Cultural Arts & Rec Rate <sup>1</sup>	Transportation Infrastructure Rate <sup>2</sup>	City Direct Rate
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
2020	1.00	0.10	0.10	1.20

Overlapping Sales Tax Rates							
Fiscal Year	County	County	County	County	State	State	Total
	Direct Rate	Transportation Infrastructure Rate <sup>2</sup>	Mass Transit Rate	Airport, Highway, & Public Transit Rate	Direct Rate <sup>3</sup>	Mass Transit Rate	Sales Tax Rate <sup>4</sup>
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
2020	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  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

Sales Tax Revenue Bonds						
Fiscal Year	Local Sales Taxes	Debt Service		Coverage		
		Principal	Interest			
2011	\$ 15,538,986	\$ 675,000	\$ 396,907			14.50
2012	16,453,749	710,000	367,619			15.27
2013	17,233,172	746,000	268,182			16.99
2014	18,007,572	840,000	256,669			16.42
2015	18,831,055	853,000	243,444			17.17
2016	19,462,915	1,065,000	216,274			15.19
2017	20,714,117	1,125,000	106,824			16.82
2018	22,197,956	1,231,000	64,342			17.14
2019	22,733,837	459,000	32,340			46.27
2020	23,736,910	352,000	23,435			63.23

Water & Storm Sewer Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	23,140,323	11,557,200	11,583,123	1,459,000	366,956	6.34

Water Quality Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	12,635,219	5,512,744	7,122,475	594,000	-	11.99

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

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

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

Governmental Activities							
Fiscal Year	General Obligation Bonds	G.O. Bonds Issuance Premiums	Special Assessment Bonds	Sales Tax Revenue Bonds	Franchise Tax Revenue Bonds	Revenue Bonds Issuance Premiums	Notes Payable
2011	\$ 16,460,000	\$ 318,566	\$ 7,229,000	\$ 8,115,000	\$ 3,875,000	\$ 493,615	\$ 1,339,146
2012	15,210,000	288,101	5,925,000	7,434,000	3,375,000	428,323	1,268,313
2013	13,900,000	257,636	5,444,000	6,688,000	2,850,000	363,031	1,199,599
2014	12,550,000	227,170	4,446,000	5,848,000	2,300,000	297,740	1,122,977
2015	11,830,000	695,160	1,155,000	4,995,000	1,750,000	232,449	1,045,022
2016	10,200,000	611,762	165,000	3,930,000	1,150,000	167,158	960,652
2017	8,535,000	528,364	155,000	2,898,000	525,000	101,867	869,779
2018	7,310,000	452,969	140,000	1,667,000	-	52,426	769,946
2019	30,560,000	4,050,044	130,000	1,208,000	-	41,487	668,147
2020	29,620,000	3,851,333	-	856,000	-	30,547	562,186

Business-type Activities				
Fiscal Year	Water Quality Revenue Bonds	Water & Storm Sewer Revenue Bonds	Revenue Bonds Issuance Premiums	Total Business-type Activities
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
2020	7,137,000	12,901,000	709,067	20,747,067

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

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**Governmental Activities**

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<b>Capital Leases</b>	<b>Total Governmental Activities</b>
\$ 82,497	\$ 37,912,824
576,512	34,505,249
478,299	31,180,565
396,436	27,188,323
352,173	22,054,804
6,977,000	24,161,572
6,893,313	20,506,323
6,345,670	16,738,011
5,974,929	42,632,607
5,513,323	40,433,389

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**Total Primary Government**

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<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Direct City Debt Per Capita</b>
\$ 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
61,180,456	2.31	612

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
2011	88,697	\$ 4,490,211,229	\$ 16,778,566	\$ 49,299	\$ 16,729,267	0.37%	\$189
2012	89,279	4,490,211,229	15,498,101	1,282,169	14,215,932	0.33	159
2013	89,584	4,273,495,983	14,157,636	1,654,406	12,503,230	0.30	140
2014	90,154	4,230,603,628	12,777,170	399,982	12,377,188	0.29	137
2015	93,601	4,333,955,495	12,525,160	1,557,040	10,968,120	0.23	117
2016	95,788	4,687,940,210	10,811,762	861,873	9,949,889	0.20	104
2017	97,499	4,934,464,071	9,063,364	1,098,713	7,964,651	0.15	82
2018	97,839	5,294,517,047	7,762,969	916,971	6,845,998	0.12	70
2019	98,328	5,734,268,035	34,610,044	3,789,092	30,820,952	0.49	313
2020	99,969	6,794,132,095	33,471,333	2,694,732	30,776,601	0.45	308

<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, 2020  
(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	\$ 40,433,389	100.0000%	\$ 40,433,389
<b>Overlapping Debt:</b>			
Alpine School District	565,645,000	20.8336%	117,844,399
Utah County	-	13.6567%	-
Central Utah Water Conservancy District	<u>192,855,487</u>	4.1008%	<u>7,908,585</u>
Total Overlapping Debt	758,500,487		125,752,984
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 798,933,876</u></u>		<u><u>\$ 166,186,373</u></u>
<b>Total Direct and Overlapping Debt Per Capita</b>			<u><u>\$ 1,662</u></u>

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

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

<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			
	2011	2012	2013	2014
<b><u>General Purposes (4%)</u></b>				
Debt Limit	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324	\$ 251,140,417
Total Net Debt Applicable to Limit	(16,410,701)	(13,927,831)	(12,418,290)	(15,781,433)
Legal Debt Margin	<u>\$ 245,406,731</u>	<u>\$ 234,902,000</u>	<u>\$ 231,707,034</u>	<u>\$ 235,358,984</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	6.27%	5.60%	5.09%	6.28%
<b><u>Water, Sewer, &amp; Lighting (4%)</u></b>				
Debt Limit	\$ 261,817,432	\$ 248,829,831	\$ 244,125,324	\$ 251,140,417
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 261,817,432</u>	<u>\$ 248,829,831</u>	<u>\$ 244,125,324</u>	<u>\$ 251,140,417</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	\$ 523,634,864	\$ 497,659,662	\$ 488,250,648	\$ 502,280,834
Total Net Debt Applicable to Limit	(16,410,701)	(13,927,831)	(12,418,290)	(15,781,433)
Legal Debt Margin	<u>\$ 507,224,163</u>	<u>\$ 483,731,831</u>	<u>\$ 475,832,358</u>	<u>\$ 486,499,401</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	3.13%	2.80%	2.54%	3.14%

<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					
2015	2016	2017	2018	2019	2020
\$ 273,693,527	\$ 290,709,109	\$ 313,847,899	\$ 341,392,514	\$ 372,228,481	\$ 408,651,401
(8,722,156)	(7,964,651)	(7,964,651)	(6,845,998)	(30,859,318)	(30,776,601)
<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>	<u>\$ 377,874,800</u>
3.19%	2.74%	2.54%	2.01%	8.29%	7.53%
\$ 273,693,527	\$ 290,709,109	\$ 313,847,899	\$ 341,392,514	\$ 372,228,481	\$ 408,651,401
<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>	<u>\$ 408,651,401</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 547,387,054	\$ 581,418,218	\$ 627,695,798	\$ 682,785,028	\$ 744,456,962	\$ 817,302,802
(8,722,156)	(7,964,651)	(7,964,651)	(6,845,998)	(30,859,318)	(30,776,601)
<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>	<u>\$ 786,526,201</u>
1.59%	1.37%	1.27%	1.00%	4.15%	3.77%

**Legal Debt Margin Calculation for Fiscal Year 2020**

**Assessed Valuations:**

Taxable Value	\$ 6,794,132,095
Estimated Market Value	<u>\$ 10,216,285,032</u>

**Legal Debt Margin:**

Debt Limitation - 8% of Estimated Market Value <sup>1</sup>	\$ 817,302,803
Debt Applicable to Limitation:	
Total General Obligation Bonded Debt	\$ (33,471,333)
Less:	
Assets in Debt Service Funds Available for payment of Principal <sup>2</sup>	<u>2,694,732</u>
Total Debt Applicable to Limitation	<u>(30,776,601)</u>
<b>Legal Debt Margin</b>	<u>\$ 786,526,202</u>

City of Orem  
 Long-term Bonded Indebtedness Paid By Primary Government  
 Schedule of Bonded Indebtedness  
 June 30, 2020  
 (Unaudited)

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Term of Bonds</u>	<u>Annual Terms of Serial Bonds</u>
<b>Governmental Activities:</b>				
General Obligation Bonds:				
Series 2014 Road Bonds - Refunding	0.25% - 3.00%	11/05/14	2014-2024	Various
Series 2019 Bonds	3.625% - 5.00%	02/26/19	2019-2048	Various
Total General Obligation Bonds				
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				



Original Amount	Principal		Interest	
	Balance 06/30/20	Retired Year Ended 06/30/20	Expense Year Ended 06/30/20	Payable In Future Years
\$ 9,645,000	\$ 5,120,000	\$ 940,000	\$ 157,175	\$ 355,288
\$ 24,500,000	24,500,000	-	1,501,642	22,808,994
	<u>29,620,000</u>	<u>940,000</u>	<u>1,658,817</u>	<u>23,164,282</u>
\$ 1,915,000	-	130,000	10,075	-
	-	130,000	10,075	-
\$ 2,898,000	856,000	352,000	23,435	31,136
	856,000	352,000	23,435	31,136
	<u>30,476,000</u>	<u>1,422,000</u>	<u>1,692,327</u>	<u>23,195,418</u>
\$ 3,000,000	994,000	157,000	17,035	52,111
\$ 11,889,000	7,137,000	594,000	-	-
\$ 12,801,000	7,627,000	1,202,000	179,371	509,542
\$ 4,380,000	4,280,000	100,000	170,550	1,151,375
	<u>20,038,000</u>	<u>2,053,000</u>	<u>366,956</u>	<u>1,713,028</u>
	<u>20,038,000</u>	<u>2,053,000</u>	<u>366,956</u>	<u>1,713,028</u>
	<u>\$ 50,514,000</u>	<u>\$ 3,475,000</u>	<u>\$ 2,059,283</u>	<u>\$ 24,908,446</u>

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

	Fiscal Year		
	2018	2019	2020
<b>Governmental Activities:</b>			
Compensated Absences	\$ 2,076,015	\$ 2,081,476	\$ 2,218,836
Net Pension Liabilities	7,461,221	15,276,459	7,255,064
Claims and Judgments	1,320,075	1,379,031	1,069,320
Other Post-employment Benefits (OPEB)	166,530	156,530	157,627
<b>Total Governmental Activities</b>	<b>11,023,841</b>	<b>18,893,496</b>	<b>10,700,847</b>
<b>Business-type Activities:</b>			
Compensated Absences	339,040	329,245	348,645
Net Pension Liabilities	1,549,102	2,827,423	1,257,893
<b>Total Business-type Activities</b>	<b>1,888,142</b>	<b>3,156,668</b>	<b>1,606,538</b>
<b>Primary Government:</b>			
Compensated Absences	2,415,055	2,410,721	2,567,481
Net Pension Liabilities	9,010,323	18,103,882	8,512,957
Claims and Judgments	1,320,075	1,379,031	1,069,320
Other Post-employment Benefits (OPEB)	166,530	156,530	157,627
<b>Total Primary Government</b>	<b>\$ 12,911,983</b>	<b>\$ 22,050,164</b>	<b>\$ 12,307,385</b>

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

Fiscal Year	Population <sup>1</sup>	Households <sup>2</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Per Household Personal Income
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
2020	99,969	31,233	2,649,878,283	26,507	84,842

Fiscal Year	Median Age	City Unemployment Rate	K-12 Student Population <sup>3</sup>	UVU FTE Student Population <sup>4</sup>
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
2020	26.5	5.00	14,595	27,531

<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
<b>TOTAL</b>	<b>88,328</b>	<b>100.00%</b>	<b>44,069</b>	<b>49.89%</b>	<b>44,259</b>	<b>50.11%</b>

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

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

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Utah Valley University	2,998	1	5.91%	1,902	1	3.94%
Alpine School District	1,358	2	2.68%	1,864	2	3.87%
City of Orem	528	3	1.04%	544	5	1.13%
Timpanogos Regional Hospital	505	4	1.00%	584	4	1.21%
Wal-Mart	375	5	0.74%	360	9	0.75%
Target Stores	361	6	0.71%	----		----
United Parcel Service, Inc.	356	7	0.70%	----		----
Mity-Lite, Inc.	355	8	0.70%	----		----
Wayfair	352	9	0.69%	----		----
U.S. Synthetic Corporation	347	10	0.68%	430	7	0.89%
Convergys Corporation	----		----	624	3	1.29%
Omniture, Inc.	----		----	538	6	1.12%
Security One International Inc.	----		----	384	8	0.80%
Dialogue Marketing West	----		----	360	10	0.75%
<b>Total</b>	<b>7,535</b>		<b>14.86%</b>	<b>7,590</b>		<b>15.74%</b>

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

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

	Fiscal Year			
	2011	2012	2013	2014
General Government	115	110	102	107
Public Safety:				
Police Protection	140	136	131	130
Fire Protection	70	70	65	68
Highways and Public Improvements	1	0	0	0
Parks and Recreation:				
Parks and Recreation	36	36	29	35
Library	50	43	45	45
Cemetery	5	5	5	5
Economic and Physical Development	2	3	4	4
Water	26	27	26	27
Water Reclamation	30	30	29	30
Storm Water	10	10	10	11
Recreation	56	49	53	53
Street Lighting	3	2	2	2
<b>Total</b>	<b>544</b>	<b>521</b>	<b>501</b>	<b>517</b>

**Source:** City of Orem - Human Resource Department

**Notes:** A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Fiscal Year					
2015	2016	2017	2018	2019	2020
105	113	122	124	129	130
133	135	137	134	134	139
68	67	68	67	68	67
0	0	0	0	0	0
36	32	33	33	32	33
46	44	46	46	44	45
5	5	5	4	5	5
3	3	3	3	2	3
26	26	24	29	30	30
30	27	30	30	29	29
11	11	11	12	12	12
54	54	54	54	50	32
2	2	2	2	3	3
519	519	535	538	538	528

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General Government:					
Building Permits Issued	945	899	817	1,064	1,301
Public Safety:					
Police Protection:					
Physical Arrests	5,439	6,016	4,338	3,335	3,621
Traffic Citations	15,009	10,042	16,042	18,116	12,487
Fire Protection:					
Emergency Responses	6,556	7,628	9,058	8,105	9,448
Ambulance Transports	2,500	2,320	2,434	2,461	2,709
Other Public Safety Services:					
Emergency Dispatch Calls	39,443	39,405	37,867	24,906	27,251
Highways and Public Improvements:					
Asphalt Used - Streets (Tons)	5,903	5,965	5,287	4,725	4,332
Concrete Used - Sidewalks (Yards)	1,134	1,020	796	821	805
Parks and Recreation:					
Recreation Programs Participants	16,790	16,700	12,276	12,984	12,486
Library - Volumes in Collection (approx.)	313,001	320,703	326,253	329,204	366,500
Cemetery - Interments	297	294	252	322	323
Economic and Physical Development:					
Public Service Organizations Assisted	14	16	16	16	16
Housing Rehab/RLF Loans/Grants Added	14	11	6	6	4
Major Project Improvements Completed	1	1	1	0	2
Water:					
Number of Consumers	21,807	21,965	22,107	22,176	22,492
Average Daily Consumption (MGD)	24.2	26.7	26.9	24.7	24.7
Water Reclamation:					
Number of Service Connections	20,678	21,088	21,226	23,232	23,670
Average Daily Treated (MGD)	8.2	8.2	7.9	7.9	7.9
Storm Water:					
Number of Sumps Added	0	8	4	3	0
New Infrastructure (Feet)	0	40,656	29,040	0	250
Recreation:					
Fitness Center Admissions	378,543	384,895	369,068	353,657	304,020
Fitness Center Class Participants	4,231	3,926	4,236	5,051	3,188
Scera Park Pool Admissions	46,999	43,183	39,545	39,286	47,785
Scera Park Pool Class Participants	1,768	1,661	3,180	2,912	2,786
Solid Waste:					
Annual Waste Tonnage	25,436	24,832	26,527	28,503	27,636
Avg Annual Waste per Household (Tons)	1.44	1.25	1.39	1.36	1.38
Street Lighting:					
Number of Street Lights Added	93	88	1	29	13

Source: Various city departments



Fiscal Year				
2016	2017	2018	2019	2020
1,429	1,518	1,473	1,190	1,423
3,842	4,145	4,277	3,539	3,604
12,064	12,022	15,616	12,174	8,768
10,442	10,471	6,726	6,680	6,361
2,963	2,949	3,099	2,972	2,813
28,023	27,024	27,768	30,396	32,380
4,060	3,633	3,771	3,077	3,613
750	575	818	551	670
12,702	13,974	12,915	12,559	6,818
374,190	368,754	390,030	407,744	472,283
333	344	352	323	319
22	16	16	17	10
2	5	2	2	8
0	0	2	0	2
22,771	22,949	23,103	23,517	23,023
24.5	25.1	25.0	23.1	25.0
24,723	24,422	24,647	24,970	25,065
8.2	8.6	8.6	8.5	8.3
1	2	31	(7)	(16)
450	0	3,168	3,167	6,600
326,726	361,575	370,350	345,929	200,733
2,596	2,822	3,573	3,421	2,957
42,434	40,517	51,051	40,444	63,060
1,360	1,481	1,559	1,255	1,176
29,008	28,986	28,942	27,409	28,258
1.46	1.45	1.44	1.35	1.39
36	409	10	412	39

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

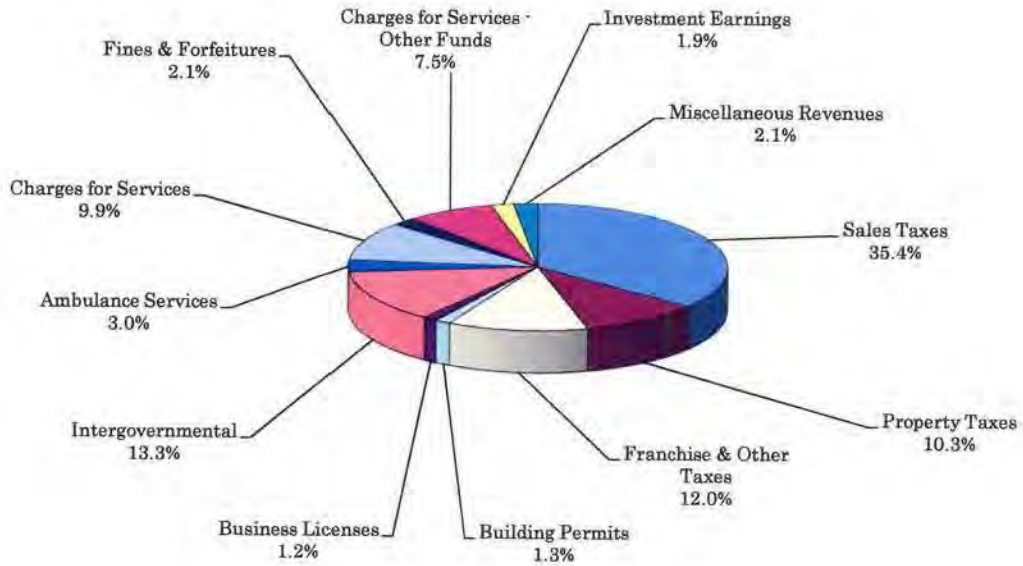
	Fiscal Year				
	2011	2012	2013	2014	2015
General Government:					
Vehicles	171	170	165	172	169
Public Safety:					
Police Protection:					
Stations	1	1	1	1	1
Vehicles	115	113	122	107	127
Fire Protection:					
Stations	4	4	4	4	4
Vehicles	29	29	30	28	29
Highways and Public Improvements:					
Streets (miles)	241	241	241	242	242
Traffic Signals	34	34	34	34	34
Parks and Recreation:					
Parks	22	22	22	25	26
Parks Acreage	333	350	350	363	385
Playgrounds	18	18	18	18	19
Walking/Jogging Trails (miles)	35.5	40.0	40.0	40.0	40.8
Libraries	1	1	1	1	1
Cemeteries	1	1	1	1	1
Water:					
Water Mains (miles)	351	351	374	374	374
Water Service Lines (miles)	101	101	103	103	103
Wells	8	9	9	9	9
Storage Capacity (thousands of gallons)	22,440	22,440	22,440	22,440	22,490
Water Reclamation:					
Sewer Lines (miles)	280	281	286	288	291
Treatment Capacity (MGD)	12.3	13.5	13.5	13.5	13.5
Storm Water:					
Storm Water Lines (miles)	70.8	78.5	84.0	84.0	87.1
Sumps	1,732	1,783	1,755	1,759	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	21
Street Lighting:					
Street Lights	5,086	5,174	5,175	5,204	5,217

Source: Various city departments

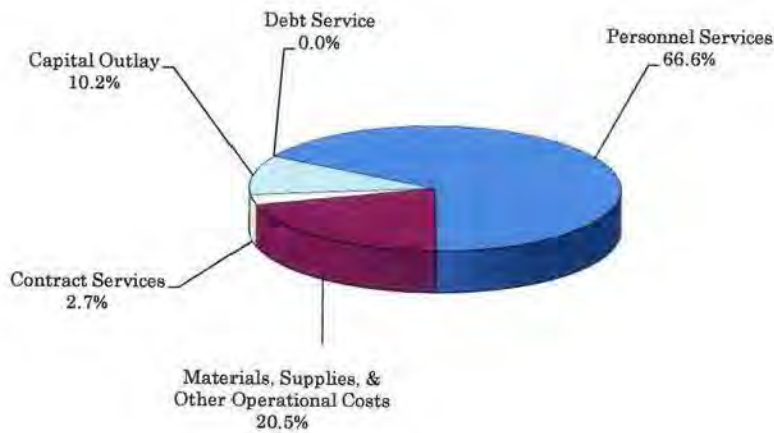
Fiscal Year				
2016	2017	2018	2019	2020
168	168	159	167	169
1	1	1	1	1
125	127	122	121	125
4	4	4	4	4
28	29	29	30	27
243	243	243	244	244
34	36	36	36	36
26	27	27	29	30
385	388	388	392	392
19	20	20	20	20
40.8	40.8	40.8	40.8	40.8
1	1	1	1	1
1	1	1	1	1
382	382	384	388	388
103	103	103	104	104
9	9	9	9	9
21,990	21,950	21,950	21,950	21,950
294	331	336	343	343
13.5	13.5	13.5	13.5	13.5
88.5	88.5	90.1	90.7	92.0
1,746	1,748	1,779	1,772	1,756
1	1	1	1	1
2	2	2	2	2
18	18	18	18	18
21	21	21	21	21
5,253	5,662	5,672	6,084	6,123

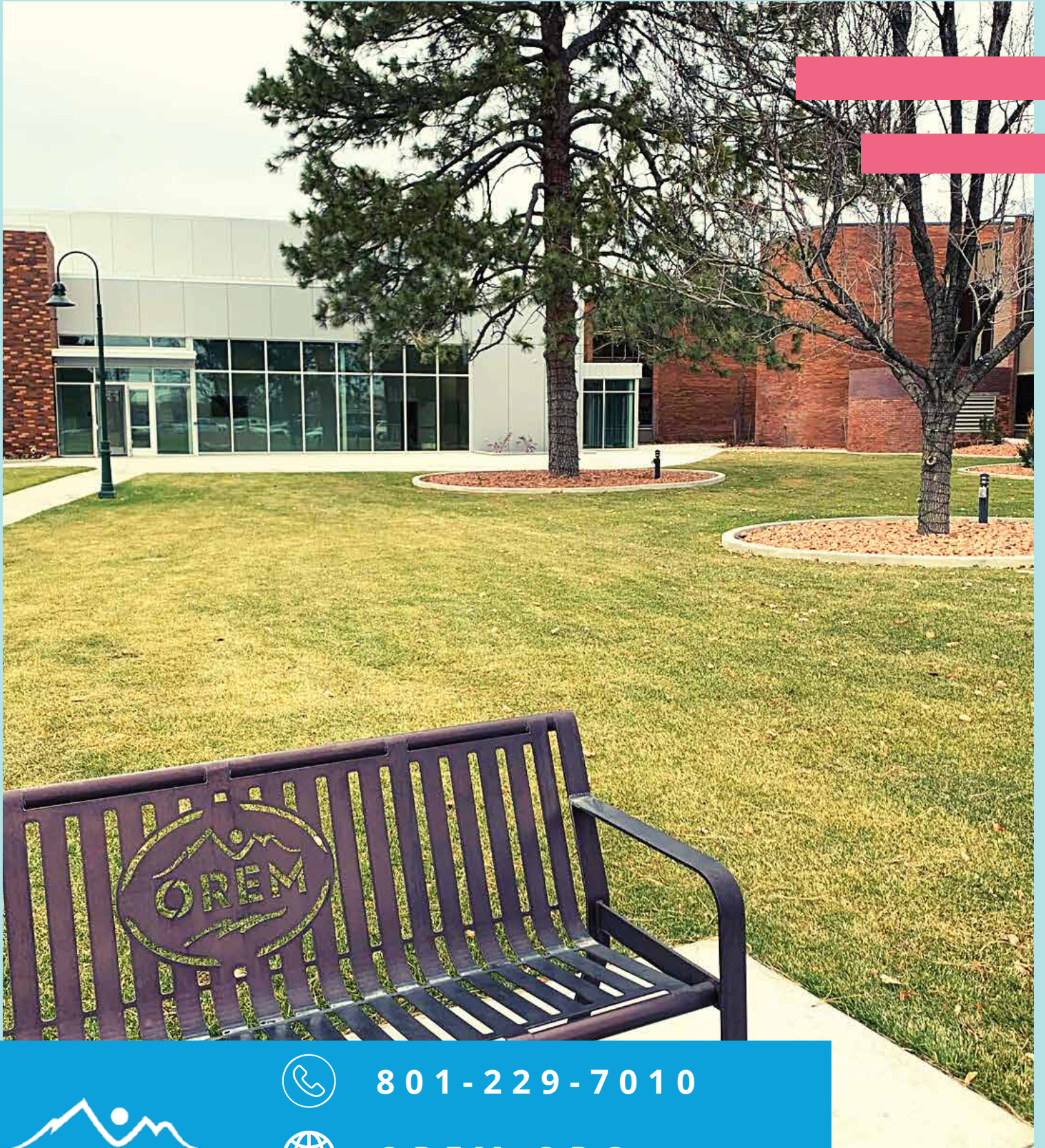
City of Orem  
 General Fund - Revenues and Expenditures  
 For The Year Ended June 30, 2020  
 (Unaudited)

**GENERAL FUND - REVENUES**



**GENERAL FUND - EXPENDITURES**





801-229-7010



OREM.ORG



56 N. STATE ST  
OREM, UT 84057