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**OFFICIAL NOTICE OF BOND SALE**  
**and**  
**PRELIMINARY OFFICIAL STATEMENT**



**Provo City, Utah**

**\$65,850,000\***  
**General Obligation Bonds, Series 2019**

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Electronic bids will be received up to 10:00:00 A.M., M.S.T., via the *PARITY*<sup>®</sup> electronic bid submission system, on Tuesday, January 22, 2019.

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\* Preliminary; subject to change.

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**OFFICIAL NOTICE OF BOND SALE  
(Bond Sale to Be Conducted Electronically)**

**\$65,850,000\***

**PROVO CITY, UTAH  
GENERAL OBLIGATION BONDS,  
SERIES 2019**

Bids will be received electronically (as described under “PROCEDURES REGARDING ELECTRONIC BIDDING” below) by the Division Director of Finance of Provo City, Utah (the “City”), via the PARITY electronic bid submission system (“PARITY”) at 10:00:00 a.m., Mountain Time, on Tuesday, January 22, 2019, for the purchase (all or none) of \$65,850,000\* aggregate principal amount of the City’s General Obligation Bonds, Series 2019 (the “2019 Bonds”). Pursuant to a resolution to be adopted on Tuesday, January 22, 2019, the Municipal Council of the City will review and consider the bids on Tuesday, January 22, 2019.

**DESCRIPTION OF BONDS:** The 2019 Bonds will be dated as of the date of issuance and delivery<sup>†</sup> thereof, will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature on February 1 of each of the years and in the principal amounts as follows:

YEAR (FEBRUARY 1)	PRINCIPAL AMOUNT*	YEAR (FEBRUARY 1)	PRINCIPAL AMOUNT*
2020	\$2,125,000	2030	\$3,400,000
2021	2,200,000	2031	3,525,000
2022	2,300,000	2032	3,625,000
2023	2,425,000	2033	3,725,000
2024	2,550,000	2034	3,850,000
2025	2,675,000	2035	3,975,000
2026	2,800,000	2036	4,125,000
2027	2,950,000	2037	4,275,000
2028	3,100,000	2038	4,400,000
2029	3,250,000	2039	4,575,000

TOTAL PRINCIPAL AMOUNT: \$65,850,000\*

**TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER’S OPTION:** 2019 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder’s option, to mature as term bonds on one or more dates within that period, in which event the 2019 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

<sup>†</sup> The anticipated date of delivery of the 2019 Bonds is Wednesday, February 6, 2019.

\* Preliminary; subject to change. See the caption, “ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2019 BONDS,” in this Official Notice of Bond Sale.

**ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2019 BONDS:** The City reserves the right, following a determination of the best bid(s) to reduce or increase the principal amount of each maturity of the 2019 Bonds as further described below.

The City will adjust the aggregate principal amount of the 2019 Bonds maturing in any year as described in this paragraph. The adjustment of maturities may be made in such amounts as are necessary so that the proceeds available to the City will be approximately \$70,380,000. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid because of any changes made within these limits, and the City will consider the bid as having been made for the adjusted amount of the 2019 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (*i.e.*, the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2019 Bonds to the public and the price to be paid to the City, by (b) the principal amount of the 2019 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The City expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2019 Bonds will be adjusted and the corresponding changes to the principal amount of the 2019 Bonds maturing on one or more of the above-designated maturity dates for the 2019 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by email to Zions Public Finance, Inc., the Municipal Advisor (the “*Municipal Advisor*”) to the City, at [brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com) within one-half hour of the time the Municipal Advisor notifies the successful bidder that such bidder’s bid appears to be the best bid received (as described under the caption “Notification” below), the amount of any original issue discount or premium on each maturity of the 2019 Bonds and the amount received from the sale of the 2019 Bonds to the public that will be retained by the successful bidder as its compensation.

**RATINGS:** The City will at its own expense pay fees of S&P Global Ratings and Moody’s Investors Service, Inc. for rating the 2019 Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

**PURCHASE PRICE:** The purchase price bid for the 2019 Bonds shall not be less than the principal amount of the 2019 Bonds (\$65,850,000\*) (the “*Purchase Price*”).

**INTEREST RATES:** Bidders must specify the rate of interest with respect to each maturity of the 2019 Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of the 2019 Bonds, but:

- (a) the highest interest rate bid for any of the 2019 Bonds shall not exceed five percent (5.00%) per annum;
- (b) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%) per annum;
- (c) no 2019 Bond shall bear more than one rate of interest;

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\* Preliminary; subject to change.

- (d) interest shall be computed from the dated date of a 2019 Bond to its stated maturity date at the single interest rate specified in the bid for the 2019 Bonds of such maturity;
- (e) the same interest rate shall apply to all 2019 Bonds maturing at one time;
- (f) the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;
- (g) any premium must be paid in the funds specified for the payment of the 2019 Bonds as part of the purchase price;
- (h) there shall be no supplemental interest coupons;
- (i) a zero percent (0%) interest rate may not be used; and
- (j) interest shall be computed based on a 360-day year of 12, 30-day months.

Interest will be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019.

**BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT:** Zions Bancorporation, National Association, Salt Lake City, Utah, will be the paying agent and bond registrar for the 2019 Bonds (collectively, the “*Paying Agent*”). The City may remove any paying agent or bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 2019 Bonds are outstanding in book-entry form, the principal of and interest on the 2019 Bonds will be paid under the standard procedures of The Depository Trust Company (“*DTC*”).

**REDEMPTION:** The 2019 Bonds maturing on and after February 1, 2029 are subject to redemption prior to maturity in whole or in part at the option of the City on August 1, 2028 (the “*First Redemption Date*”) or on any date thereafter, from such maturities or parts thereof as shall be selected by the City, at the redemption price of 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, upon not less than 30 days’ prior written notice. 2019 Bonds maturing on or prior to the *First Redemption Date* are not subject to optional redemption.

**SECURITY:** The 2019 Bonds will be full general obligations of the City, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the City, fully sufficient to pay the same as to both principal and interest.

**AWARD:** Award or rejection of bids will be made by the City, acting through its Municipal Council, on Tuesday, January 22, 2019. The 2019 Bonds will be awarded to the responsible bidder offering to pay not less than the Purchase Price for the 2019 Bonds described above and specifying a rate or rates of interest that result in the lowest effective interest rate to the City. The effective interest rate to the City shall be the interest rate per annum determined on a per annum true interest cost (“*TIC*”) basis by discounting the scheduled semiannual debt service payments of the City on the 2019 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2019 Bonds

(based on a 360-day year consisting of 12, 30-day months), compounded semiannually and to the bid price.

**PROMPT AWARD:** The City, acting through its Municipal Council, will take action awarding the 2019 Bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

**NOTIFICATION:** The Municipal Advisor, on behalf of the City, will notify the apparent successful bidder (electronically via PARITY) as soon as possible after the City's receipt of bids, that such bidder's bid appears to be the best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to approval by the Municipal Council not later than 24 hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

**PROCEDURES REGARDING ELECTRONIC BIDDING:** A prospective bidder must communicate its bid for the 2019 Bonds electronically via PARITY on or before 9:00:00 a.m., Mountain Time, for the 2019 Bonds, on Tuesday, January 22, 2019. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor at One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, (801) 844-7373 or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 849-5021.

For purposes of PARITY, the time as maintained by PARITY shall constitute the official time.

*Each prospective bidder shall be solely responsible to register to bid via PARITY as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the City nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the City nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The City is using PARITY as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the 2019 Bonds.*

**FORM OF BID:** Each bidder for the 2019 Bonds is required to transmit electronically via PARITY an unconditional bid specifying the rate or rates of interest and the Purchase Price. Each bid must be for all the 2019 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2019 Bonds represented on a TIC basis, as described under "AWARD" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of PARITY; *provided, however*, that in the event a prospective bidder cannot access PARITY through no fault of its own, it may so notify the

Municipal Advisor by telephone at (801) 844-7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (801) 844-7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at (801) 844-4484, in either case before 9:00:00 a.m., Mountain Time, on Tuesday, January 22, 2019. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission (as described above), the time as maintained by PARITY shall constitute the official time. Each bid submitted as provided in this paragraph must specify: (a) an offer to purchase not less than all of the 2019 Bonds; and (b) the rate or rates of interest and the Purchase Price at which the bidder will purchase the 2019 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the City. Neither the City nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder(s) will provide written confirmation of its bid to the Municipal Advisor prior to 2:00 p.m., Mountain Time, on Tuesday, January 22, 2019, by email at [brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com).

**RIGHT OF CANCELLATION:** The successful bidder(s) shall have the right, at its option, to cancel its obligation to purchase the 2019 Bonds if the City shall fail to execute the 2019 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$650,000 (the “*Deposit*”), is required only from the successful bidder(s). The Deposit shall be payable to the order of the City in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m., Mountain Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the City, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The City shall, as security for the faithful performance by the successful bidder(s) of its obligation to take up and pay for the 2019 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder(s) and hold the proceeds of the Deposit of the successful bidder(s) or invest the same (at the City’s risk) in obligations that mature at or before the delivery of the 2019 Bonds as described under the caption “MANNER AND TIME OF DELIVERY” below, until disposed of as follows: (a) at such delivery of the 2019 Bonds and upon compliance with the successful bidder’s(s’) obligation to take up and pay for such 2019 Bonds, the full amount of the Deposit held by the City, without adjustment for interest, shall be applied toward the purchase price of such 2019 Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the City; and (b) if a successful bidder fails to take up and pay for the 2019 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the City as liquidated damages.

**SALE RESERVATIONS:** The City reserves the right: (a) to waive any irregularity or informality in any bid or in the electronic bidding process; (b) to reject all bids for the 2019 Bonds; and (c) to resell the 2019 Bonds as provided by law.

**MANNER AND TIME OF DELIVERY:** The successful bidder(s) will be given at least seven business days' notice of the proposed date of the delivery of the 2019 Bonds when that date has been determined. It is now estimated that the 2019 Bonds will be delivered in book-entry form on or about Wednesday, February 6, 2019. The 2019 Bonds will be delivered as a single bond certificate for each maturity of the 2019 Bonds, registered in the name of DTC or its nominee. Delivery of the 2019 Bonds will be made in Salt Lake City, Utah, except that the successful bidder(s) may at its option and expense designate some other place of delivery, that expense to include travel expenses of two City officials or two representatives of the City and closing expenses. The successful bidder(s) must also agree to pay for the 2019 Bonds in federal funds that will be immediately available to the City in Provo, Utah, on the day of delivery.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the 2019 Bonds, but neither the failure to print such numbers on any 2019 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the 2019 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the 2019 Bonds shall be paid for by the City.

**TAX-EXEMPT STATUS:** In the opinion of Chapman and Cutler LLP, Bond Counsel, subject to the City's compliance with certain covenants, under present law, interest on the 2019 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Failure to comply with certain of such City covenants could cause interest on the 2019 Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2019 Bonds. Ownership of the 2019 Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2019 Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2019 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2019 Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

**ISSUE PRICE:** (a) The winning bidder shall assist the City in establishing the issue price of the 2019 Bonds at or prior to the time that the principal amount of the 2019 Bonds is to be adjusted based on the issue price and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2019 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Annex I*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, by the date of delivery of the 2019 Bonds, if its bid is accepted by the City. It will be the responsibility of the successful bidder(s) to institute such syndicate reporting requirements, to



make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Chapman and Cutler LLP, Bond Counsel, 215 South State Street, Suite 800, Salt Lake City, Utah 84111, (801) 536-1441, [ehunter@chapman.com](mailto:ehunter@chapman.com).

All actions to be taken by the City under this Official Notice of Bond Sale to establish the issue price of the 2019 Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor. Within one hour of the award, the winning bidder will provide to the City the expected initial offering prices of the 2019 Bonds, which the winning bidder used in formulating its bid.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2019 Bonds) will apply to the initial sale of the 2019 Bonds (the "*competitive sale requirements*") because:

(1) the City shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the 2019 Bonds to the bidder who submits a firm offer to purchase the 2019 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the 2019 Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City shall then treat the first price at which 10% of a maturity of the 2019 Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the 2019 Bonds satisfies the 10% test as of the date and time of the award of the 2019 Bonds. The City will *not* require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the 2019 Bonds as the issue price of that maturity. Bids will *not* be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that all of the maturities of the 2019 Bonds will be subject to the 10% test in order to establish the issue price of the 2019 Bonds.*

(d) Until the 10% test has been satisfied as to each maturity of the 2019 Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2019 Bonds of that maturity or until all 2019 Bonds of that maturity have been sold to the public.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker–dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold 2019 Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the 2019 Bonds of that maturity or all 2019 Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2019 Bonds to the public to require each broker–dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold 2019 Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the 2019 Bonds of that maturity or all 2019 Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the 2019 Bonds of that maturity or until all 2019 Bonds of that maturity have been sold to the public.

(f) Sales of any 2019 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2019 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2019 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2019 Bonds to the public),

(iii) a purchaser of any of the 2019 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the 2019 Bonds are awarded by the City to the winning bidder.

**LEGAL OPINION AND CLOSING CERTIFICATES:** The unqualified approving opinion of Chapman and Cutler LLP covering the legality of the 2019 Bonds will be furnished to the successful bidder(s). Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2019 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2019 Bonds.

**DISCLOSURE CERTIFICATE:** The closing papers will include a certificate executed by the Division Director of Finance, Mayor or other officer of the City confirming to the successful bidder(s) that, to the best of the knowledge of the signers thereof, and after reasonable investigation: (a) the Preliminary Official Statement (the "*Preliminary Official Statement*") circulated with respect to the 2019 Bonds did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the "*Official Statement*") did not as of its date and does not at the time of the delivery of the 2019 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

**CONTINUING DISCLOSURE:** The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "*Undertaking*") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the 2019 Bonds on or before the date of delivery of the 2019 Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder(s). During the five years prior to the date hereof, the City has, in all material respects, not failed to comply with prior undertakings pursuant to the Rule, except as described in the Official Statement under the caption, "CONTINUING DISCLOSURE UNDERTAKING."

The successful bidder's(s') obligation to purchase the 2019 Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the 2019 Bonds.

**DELIVERY OF COPIES OF OFFICIAL STATEMENT:** The City shall deliver to the successful bidder(s) on such business day as directed in writing by the successful bidder(s), which is not earlier than the second business day or later than the seventh business day after the award of the 2019 Bonds as described under the caption "AWARD" above, copies of the Official Statement in sufficient quantity, as directed in writing by the successful bidder(s), to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 2019 Bonds, if any event relating to or affecting the City shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder(s) to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a prospective purchaser, the City shall, for so long as the successful bidder(s) is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder(s) such information with respect to itself as the successful bidder(s) deems

necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

**MUNICIPAL ADVISOR:** The City has entered into an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2019 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds.

**WAIVER OF CONFLICTS:** By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the 2019 Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

**ADDITIONAL INFORMATION:** For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact the Municipal Advisor, Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133, (801) 844-7373, [brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com). The Preliminary Official Statement (including the Official Notice of Bond Sale) is available at [i-dealprospectus.com](http://i-dealprospectus.com); [munihub.com](http://munihub.com); and [muniOS.com](http://muniOS.com).

DATED this January 10, 2019.

PROVO CITY, UTAH

## ANNEX 1

### CERTIFICATE OF PURCHASER

[TO BE DATED THE CLOSING DATE]

The undersigned, on behalf of [winning bidder] (the “*Purchaser*”), hereby certifies as set forth below with respect to the sale and issuance of Provo City, Utah (the “*City*”) General Obligation Bonds, Series 2019 (the “*Bonds*”).

#### I. General

1. On the Sale Date (defined below), the Purchaser purchased the Bonds from the City by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Bond Sale” and having its bid accepted by the City. The Purchaser has not modified the terms of the purchase since the Sale Date.

#### II. Price

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Schedule A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule C*.

3. *Defined Terms.*

(a) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is Tuesday, January 22, 2019.

(e) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion concerning interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

**[WINNING BIDDER]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

# PRELIMINARY OFFICIAL STATEMENT



**\$65,850,000\***

## Provo City, Utah

### General Obligation Bonds, Series 2019

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On Tuesday, January 22, 2019 up to 10:00:00 A.M., M.S.T., electronic bids will be received by means of the **PARITY**<sup>®</sup> electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2019 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of Provo City, Utah (the “City”), to be adopted on January 22, 2019.

*The City has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2019 Bonds as permitted by the Rule.*

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2019 Bonds contact the Municipal Advisor:



**Zions Bank Building**  
**One S Main St 18<sup>th</sup> Fl**  
**Salt Lake City UT 84133–1109**  
**801.844.7373 | f 801.844.4484**  
[eric.pehrson@zionsbancorp.com](mailto:eric.pehrson@zionsbancorp.com)

This PRELIMINARY OFFICIAL STATEMENT is dated January 10, 2019, and the information contained herein speaks only as of that date.

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\* Preliminary; subject to change.



(This page has been intentionally left blank.)

# PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 10, 2019

## NEW ISSUE

**Ratings:** Moody's (applied for); S&P "AA+"  
See "MISCELLANEOUS—Bond Ratings" herein.

*Subject to compliance by City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2019 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2019 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX MATTERS" herein for a more complete discussion.*



**\$65,850,000\***

## Provo City, Utah

### General Obligation Bonds, Series 2019

The \$65,850,000\* General Obligation Bonds, Series 2019, are issued by the City as fully-registered bonds and will be initially issued in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2019 Bonds.

Principal of and interest on the 2019 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2019) are payable by Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2019 BONDS—Book-Entry System" herein.

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "THE 2019 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

*The 2019 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the City, fully sufficient to pay the 2019 Bonds as to both principal and interest.*

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**Dated:** Date of Delivery<sup>1</sup>

**Due:** February 1, as shown on inside front cover

**See the inside front cover for the maturity schedule of the 2019 Bonds**

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**The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*<sup>®</sup> electronic bid submission system on Tuesday, January 22, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated January 10, 2019).**

**Zions Public Finance, Inc., Salt Lake City, Utah, is acting as Municipal Advisor.**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.*

This OFFICIAL STATEMENT is dated January \_\_, 2019 and the information contained herein speaks only as of that date.

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\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Wednesday, February 6, 2019.

# Provo City, Utah

**\$65,850,000\***

## General Obligation Bonds, Series 2019

**Dated: Date of Delivery<sup>1</sup>**

**Due: February 1, as shown below**

<u>Due February 1</u>	<u>CUSIP® 744142</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2020.....		\$2,125,000	%	%
2021.....		2,200,000		
2022.....		2,300,000		
2023.....		2,425,000		
2024.....		2,550,000		
2025.....		2,675,000		
2026.....		2,800,000		
2027.....		2,950,000		
2028.....		3,100,000		
2029.....		3,250,000		
2030.....		3,400,000		
2031.....		3,525,000		
2032.....		3,625,000		
2033.....		3,725,000		
2034.....		3,850,000		
2035.....		3,975,000		
2036.....		4,125,000		
2037.....		4,275,000		
2038.....		4,400,000		
2039.....		4,575,000		

**\$ \_\_\_\_\_ % Term Bond due February 1, 20\_\_—Price of \_\_\_\_\_ %**  
(CUSIP®744142 \_\_)

\* Preliminary; subject to change.

<sup>1</sup> The anticipated date of delivery is Wednesday, February 6, 2019.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2019 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: Provo City, Utah (the “City”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, (as Paying Agent); the State of Utah; the successful bidder(s); or any other entity. The information contained herein has been obtained from the City, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the City, since the date hereof.

The 2019 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

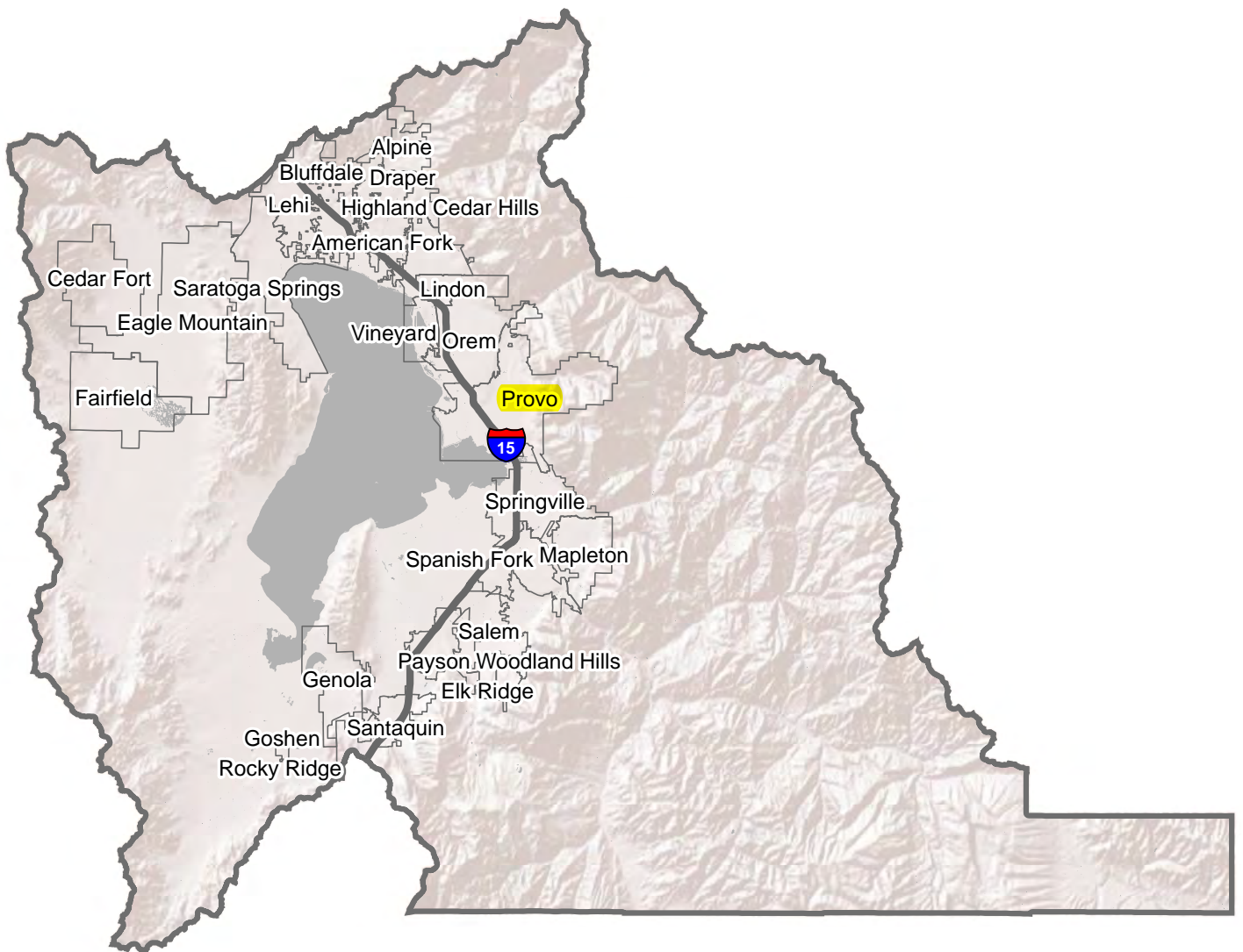
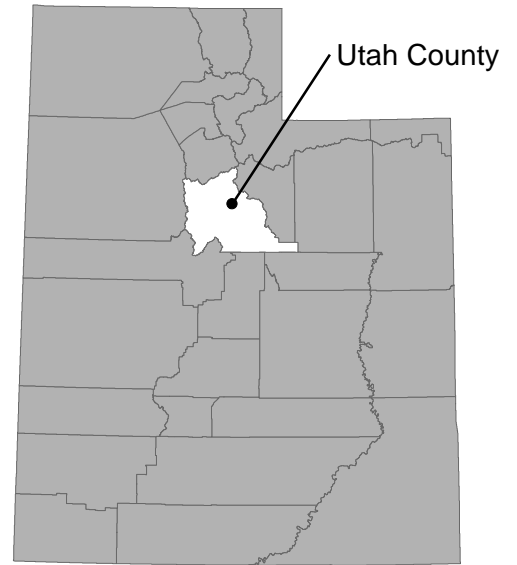
***The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. With any offering of the 2019 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019 Bonds. Such transactions may include overallocments in connection with the purchase of 2019 Bonds to stabilize their market price and to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.***

***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this OFFICIAL STATEMENT may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

The CUSIP® (Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2019 Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2019 Bonds.

***The information available at websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided relating to the offering of the 2019 Bonds and is not a part of this OFFICIAL STATEMENT.***

## Counties in Utah



## Cities in Utah County

# OFFICIAL STATEMENT RELATED TO

## Provo City, Utah

**\$65,850,000\***

### General Obligation Bonds, Series 2019

#### INTRODUCTION

This introduction is only a brief description of the 2019 Bonds, as hereinafter defined, the security and source of payment for the 2019 Bonds and certain information regarding Provo City, Utah (the “City”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018;” “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX D—BOOK-ENTRY SYSTEM.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year beginning on July 1 and ending on June 30 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; “Calendar Year[s] End[ed][ing] December 31, 20YY”; or “Tax Year 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolution (as hereinafter defined).

#### Public Sale/Electronic Bid

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*<sup>®</sup> electronic bid submission system on Tuesday, January 22, 2019 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated January 10, 2019).

See the “OFFICIAL NOTICE OF BOND SALE” above.

#### Provo City, Utah

The City was incorporated in 1851 and covers an area of approximately 44 square miles and is in the central portion of Utah County, Utah (the “County”). The County is in the north central portion of the State of Utah (the “State”) approximately 30 miles south of metropolitan Salt Lake City, Utah. The City had 117,335 residents per the 2017 U.S. Census Bureau estimates, which ranks the City as the third most populated city in the State. The County had 606,425 residents per the 2017 U.S. Census Bureau estimates, ranking the County as the second most populated county in the State (out of 29 counties). See “PROVO CITY, UTAH” below.

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\* Preliminary; subject to change.



## **The 2019 Bonds**

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the City of its \$65,850,000\*, General Obligation Bonds, Series 2019 (the “2019 Bonds” or the “2019 Bond”), initially issued in book–entry form.

### **Security**

The 2019 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all the taxable property in the City, fully sufficient to pay the 2019 Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “FINANCIAL INFORMATION REGARDING PROVO CITY, UTAH—Ad Valorem Tax Levy And Collection” below.

### **Authority for And Purpose Of The 2019 Bonds**

*Authorization.* The 2019 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Local Government Bonding Act”), Utah Code; the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code; and the applicable provisions of Title 53A of the Utah Code, (ii) the resolution of the City anticipated to be adopted on January 22, 2019 (the “Resolution”), which provides for the issuance of the 2019 Bonds, and (iii) other applicable provisions of law.

The 2019 Bonds were authorized at a special bond election held for that purpose on November 6, 2018 (the “2018 Bond Election”). The proposition submitted to the voters of the City was as follows:

Shall Provo City, Utah be authorized to issue General Obligation Bonds in a principal amount not to exceed \$69,000,000 and to mature in no more than 20 years from the date or dates of issuance of such bonds for the purpose of paying all or a portion of the costs of: acquiring, constructing, and equipping in the downtown area a new police and fire headquarters, emergency dispatch center, and city hall; acquiring, constructing, and equipping a new fire station to replace the fire station on Canyon Road; and providing for related improvements in Provo City; and, to the extent necessary, for providing moneys for the refunding of general obligation bonds?

At the 2018 Bond Election there were 11,867 votes cast in favor of the issuance of bonds and 11,445 votes cast against the issuance of bonds, for a total vote count of 23,312, with approximately 50.9% in favor of the issuance of bonds.

The 2019 Bonds will be the first and final block of bonds to be issued from the 2018 Bond Election.

*Purpose.* The 2019 Bonds are being issued to fund various acquisition, construction, furnishing and equipping of projects as set forth in the 2018 Bond Election proposition and to pay certain costs of issuance. See “THE 2019 BONDS—Sources And Uses Of Funds” below.

### **Redemption Provisions**

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2019 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

### **Registration, Denominations, Manner Of Payment**

The 2019 Bonds are issuable only as fully–registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York

(“DTC”). DTC will act as securities depository of the 2019 Bonds. Purchases of 2019 Bonds will be made in book–entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the 2019 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2019 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX D—BOOK–ENTRY SYSTEM.”

Principal of and interest on the 2019 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2019) are payable by Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, as paying agent (the “Paying Agent”) for the 2019 Bonds, to the registered owners of the 2019 Bonds. So long as Cede & Co. is the registered owner of the 2019 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2019 Bonds, as described in “APPENDIX D—BOOK–ENTRY SYSTEM.”

So long as DTC or its nominee is the registered owner of the 2019 Bonds, neither the City nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2019 Bonds. *Under these same circumstances, references herein and in the Resolution to the “Bondowners” or “Registered Owners” of the 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019 Bonds.*

### **Tax Matters Regarding The 2019 Bonds**

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2019 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals.

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2019 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

See “TAX MATTERS” below for a more complete discussion.

### **Professional Services**

In connection with the issuance of the 2019 Bonds, the following have served the City in the capacity indicated.

*Bond Registrar and Paying Agent*  
Zions Bancorporation National Association  
Zions Bank Building  
Corporate Trust Department  
One S Main St 12<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.7253 | f 855.547.5428  
[carl.mathis@zionsbancorp.com](mailto:carl.mathis@zionsbancorp.com)

*Bond Counsel*  
Chapman and Cutler LLP  
215 S State St Ste 800  
Salt Lake City UT 84111–2339  
801.536.1441 | f 801.533.9595  
[ehunter@chapman.com](mailto:ehunter@chapman.com)

*Municipal Advisor*  
Zions Public Finance Inc  
Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.7373 | f 801.844.4484  
[brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)

### **Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery**

The 2019 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2019 Bonds by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by the Assistant City Attorney, Camille Williams. It is expected that the 2019 Bonds, in book–entry form, will be available for delivery to DTC or its agent, on or about Wednesday, February 6, 2019.

### **Continuing Disclosure Undertaking**

The City will execute a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019 Bonds. For a detailed discussion of this undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

### **Basic Documentation**

This OFFICIAL STATEMENT speaks only as of its date and the information contained herein is subject to change. Brief descriptions of the City, the 2019 Bonds, and the Resolution are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution are qualified in their entirety by reference to such document and references herein to the 2019 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution. The “basic documentation” which includes the Resolution, the closing documents and other documentation, authorizing the issuance of the 2019 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

### **Contact Persons**

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) to the City:

Brian Baker, Vice President, [brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)  
Eric John Pehrson, Senior Vice President, [eric.pehrson@zionsbancorp.com](mailto:eric.pehrson@zionsbancorp.com)  
Zions Public Finance Inc  
Zions Bank Building  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the City concerning the 2019 Bonds are:

John Borget, Director of Administrative Services, [jborget@provo.org](mailto:jborget@provo.org)

Dan Follett, Division Director of Finance, [dfollett@provo.org](mailto:dfollett@provo.org)

Provo City  
351 W Center St  
Provo UT 84601  
801.852.6504 | f 801.852.6513

## **SECURITY AND SOURCES OF PAYMENT**

The 2019 Bonds are general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all the taxable property in the City, fully sufficient to pay the 2019 Bonds as to both principal and interest.

See “FINANCIAL INFORMATION REGARDING PROVO CITY, UTAH—Ad Valorem Tax Levy And Collection” and “—Property Tax Matters” below.

## **CONTINUING DISCLOSURE UNDERTAKING**

The City will execute a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2019 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

During the five years prior to the date of this OFFICIAL STATEMENT, the City has, in all material respects, not failed to comply in all material respects with its prior undertakings pursuant to the Rule, except that on December 22, 2016, Fitch Ratings revised its municipal rating on the City’s \$10,775,000, Water Revenue Bonds, Series 2015A (CUSIP®74414R, dated February 4, 2015) from “AA-“ to “AA” and the City’s dissemination agent failed to notify EMMA of this rating change. The required information was filed on EMMA on December 10, 2018.

A failure by the City to comply with the Disclosure Undertaking will not constitute a default under the Resolution and the Beneficial Owners of the 2019 Bonds are limited to the remedies described in the Disclosure Undertaking. A failure by the City to comply with the annual disclosure requirements of the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2019 Bonds and their market price.

The City will submit the Fiscal Year 2019 CAFR and other operating and financial information for the 2019 Bonds on or before August 1, 2019 (185 days from the end of the Fiscal Year), and annually thereafter on or before each January 1.

## THE 2019 BONDS

### General

The 2019 Bonds will be dated the date of their original issuance and delivery<sup>1</sup> (the “Dated Date”) and will mature on February 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2019 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2019 Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019. Interest on the 2019 Bonds will be computed based on a 360-day year comprised of 12, 30-day months. Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah is the Bond Registrar (the initial “Bond Registrar”) and Paying Agent for the 2019 Bonds under the Resolution.

The 2019 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2019 Bonds are being issued within the constitutional debt limit imposed on cities in the State. See “DEBT STRUCTURE OF PROVO CITY, UTAH—General Obligation Legal Debt Limit And Additional Debt Incurring Capacity” below.

### Registration And Transfer; Record Date

*Registration and Transfer.* In the event the book-entry system is discontinued, any 2019 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2019 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2019 Bond or 2019 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the City, for a like aggregate principal amount.

The 2019 Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully-registered 2019 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2019 Bonds, the Bond Registrar will require the payment by the registered owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2019 Bonds.

*Record Date.* The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2019 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2019 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2019 Bond.

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<sup>1</sup> The anticipated date of delivery is Wednesday, February 6, 2019.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2019 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for receiving payment of, or on account of, the principal (on the 2019 Bonds) and interest due thereon and for all other purposes whatsoever.

**Sources And Uses Of Funds**

The proceeds from the sale of the 2019 Bonds are estimated to be applied as set forth below:

Sources of Funds:

Par amount of 2019 Bonds.....	\$
Original issue premium.....	
Total .....	\$

Uses of Funds:

Deposit to Construction Account.....	\$
Underwriter’s discount.....	
Original issue discount.....	
Costs of Issuance (1).....	
Total .....	\$

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

**Redemption Provisions**

*Optional Redemption.* The 2019 Bonds maturing on and after February 1, 2029 are subject to redemption prior to maturity in whole or in part at the option of the City on August 1, 2028 (the “First Redemption Date”) or on any date thereafter, from such maturities or parts thereof as shall be selected by the City, at the redemption price of 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, upon not less than 30 days’ prior written notice. 2019 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

*Mandatory Sinking Fund Redemption.* The 2019 Bonds maturing on February 1, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date of redemption, on the dates and in the principal amounts as set forth below:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
February 1, 20__ .....	\$
February 1, 20__ (stated maturity).....	
Total .....	\$

Upon redemption of any 2019 Bonds maturing on February 1, 20\_\_ other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all any one or more of such mandatory sinking fund redemption amounts for the 2019 Bonds maturing on February 1, 20\_\_, in such order of mandatory sinking fund date as shall be directed by the City.

*Selection for Redemption.* If less than all 2019 Bonds of any maturity are to be redeemed, the 2019 Bonds or portion of 2019 Bonds of such maturity to be redeemed will be selected at random by the

Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2019 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2019 Bonds for redemption, the Bond Registrar will treat each such 2019 Bond as representing that number of 2019 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2019 Bond by \$5,000.

*Notice of Redemption.* Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 45 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE 2019 BONDS—Registration And Transfer” below, of each 2019 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the City kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2019 Bonds are to be redeemed, the distinctive numbers of the 2019 Bonds or portions of 2019 Bonds to be redeemed, and will also state that the interest on the 2019 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2019 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2019 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the City will not be required to redeem such 2019 Bonds. If such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Bond Registrar will within a reasonable time thereafter give notice, in the way the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2019 Bond will not affect the validity of the proceedings for redemption with respect to any other 2019 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to DTC and certain registered securities depositories and national information services as provided in the Resolution, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Resolution.

*For so long as a book-entry system is in effect with respect to the 2019 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2019 Bonds. See “THE 2019 BONDS—Book-Entry System” below.*

### **Book-Entry System**

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX D—BOOK-ENTRY SYSTEM” for a more detailed discussion of the book-entry system and DTC.

**Debt Service On The 2019 Bonds**

<u>Payment Date</u>	<u>The 2019 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
August 1, 2019.....	\$ 0.00	\$		
February 1, 2020.....	2,125,000.00			
August 1, 2020.....	0.00			
February 1, 2021.....	2,200,000.00			
August 1, 2021.....	0.00			
February 1, 2022.....	2,300,000.00			
August 1, 2022.....	0.00			
February 1, 2023.....	2,425,000.00			
August 1, 2023.....	0.00			
February 1, 2024.....	2,550,000.00			
August 1, 2024.....	0.00			
February 1, 2025.....	2,675,000.00			
August 1, 2025.....	0.00			
February 1, 2026.....	2,800,000.00			
August 1, 2026.....	0.00			
February 1, 2027.....	2,950,000.00			
August 1, 2027.....	0.00			
February 1, 2028.....	3,100,000.00			
August 1, 2028.....	0.00			
February 1, 2029.....	3,250,000.00			
August 1, 2029.....	0.00			
February 1, 2030.....	3,400,000.00			
August 1, 2030.....	0.00			
February 1, 2031.....	3,525,000.00			
August 1, 2031.....	0.00			
February 1, 2032.....	3,625,000.00			
August 1, 2032.....	0.00			
February 1, 2033.....	3,725,000.00			
August 1, 2033.....	0.00			
February 1, 2034.....	3,850,000.00			
August 1, 2034.....	0.00			
February 1, 2035.....	3,975,000.00			
August 1, 2035.....	0.00			
February 1, 2036.....	4,125,000.00			
August 1, 2036.....	0.00			
February 1, 2037.....	4,275,000.00			
August 1, 2037.....	0.00			
February 1, 2038.....	4,400,000.00			
August 1, 2038.....	0.00			
February 1, 2039.....	<u>4,575,000.00</u>			
Totals.....	<u>\$65,850,000.00</u>	\$	\$	

\* Preliminary; subject to change.

(Source: Municipal Advisor.)

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## PROVO CITY, UTAH

### General

The City, incorporated in 1851, covers an area of approximately 44 square miles and is in the central portion of the County. The City had 117,335 residents per the 2017 U.S. Census Bureau estimates, which ranks the City as the third most populated city in the State.

The City maintains a website that may be accessed at <http://www.provo.org>.

The City is approximately 45 miles south of metropolitan Salt Lake City, Utah and can best be characterized as residential/suburban in nature since many City residents commute to work in the City and other nearby business and industrial areas within the County area. The City is also the home to Brigham Young University.

The County is situated in the north central portion of the State. Incorporated in 1850, the County is bordered on the north by Salt Lake County and encompasses approximately 2,000 square miles of land. The County had 606,425 residents in 2017 per the 2017 population estimates of the U.S. Census Bureau, ranking the County as the second most populated county in the State.

### Form Of Government

The City is a first-class city, organized under general law and governed by a Municipal Council-Mayor form of government, with seven Council members serving four-year terms (two of whom are elected at large and five of whom are elected from districts). The Municipal Council is charged with the responsibility of performing the legislative functions of the City. The Mayor, who is elected at large by voters for a four-year term, is charged with the executive and administrative duties of the government. The Mayor is the Chief Executive Officer of the City but is not a member of the Municipal Council and casts no vote in any meetings of the Municipal Council but may veto any ordinance or tax levy passed by the Municipal Council.

The current members of the Municipal Council, the Mayor and the City administration have the following respective terms in office:

Office/District	Person	Years of Service	Expiration of Current Term
Mayor .....	Michelle Kaufusi	1	January 2022
Chair, District 1 .....	Gary Winterton	8	January 2020
Vice Chair, District 5.....	Dave Harding	4	January 2022
Council Member, District 2.....	George Handley	1	January 2022
Council Member, District 3.....	Dave Knecht	8	January 2020
Council Member, District 4.....	Kay Van Buren	8	January 2020
Council Member, City-wide 1 .....	Dave Sewell	6	January 2022
Council Member, City-wide 2 .....	George O. Stewart	12	January 2020
Chief Administrative Officer.....	Wayne C. Parker	16	Appointed
Director of Administrative Services .....	John Borget	23	Appointed
Division Director of Finance .....	Dan Follett	11	Appointed
City Attorney .....	Robert D. West	34	Appointed
Assistant City Attorney .....	Camille S. Williams	14	Appointed
City Recorder .....	Amanda Ercanbrack	14	Appointed
City Engineer.....	Dave Graves	29	Appointed

(Source: The City.)

## **Employee Workforce And Retirement System; Other Post–Employment Benefits**

*Employee Workforce and Retirement System.* The City employed 839 full–time equivalent employees as of Fiscal Year 2018. For a 10–year Fiscal Year history of the City’s full–time employment numbers see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section–Full–time City Government Employees by Function Equivalents” (CAFR page 125).

The City participates in cost–sharing multiple employer defined benefit pension plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides retirement benefits, a deferred compensation plan, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

For a detailed discussion regarding retirement benefits and contributions See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Notes to the Financial Statements–Note 13. Retirement Plans” (CAFR page 69).

*Other Post–Employment Benefits (OPEB).* In addition to the pension benefits described above, the City provides post–employment health care and life insurance benefits in accordance with City policy, to employees who retire from the City upon completing the requirements for the retirement plan under URS. Only City employees hired before July 1, 1987, are eligible to receive post–employment health and life insurance benefits. As of June 30, 2018, the City’s OPEB liability was approximately \$8.8 million. The City pays retiree’s health care and life insurance premiums on a pay–as–you–go basis. The City paid \$1,519,941 in premiums for retirees for Fiscal Year 2018.

For a detailed discussion of the City’s post–employment benefits program see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Notes to the Financial Statements–Note 12. Other Post–Employment Benefits (OPEB)” (CAFR page 65).

## **Risk Management**

The City protects its general liability exposure through either self–insurance or purchases commercial excess liability insurance and property/equipment exposure, including earthquake coverage. The City is fully insured for workers compensation. The City accounts for risk management activities through an internal service fund. The City has various deductible amounts with various insurance policies at replacement cost. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides.

See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Notes to the Financial Statements–Note 5. Risk Management” (CAFR page 54); “–Note 10. Contingent Liabilities” (CAFR page 61); and “–Internal Service Funds, Insurance/Claims” (CAFR pages 104 through 106).

## **Investment Of Funds**

*The State Money Management Act.* The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in–state and permitted out–of–state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and in–

vestments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all provisions of the Money Management Act for all City operating funds.

*The Utah Public Treasurers’ Investment Fund.* A significant portion of City funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, and obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note 2. Deposits and Investments” (CAFR page 48).

*Investment of 2019 Bond Proceeds.* The proceeds of the 2019 Bonds will be held by the City and invested to be readily available. The 2019 Bond proceeds may also be invested in the PTIF or other investments authorized under the Money Management Act.

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**Population**

	<u>City</u>	% Change From Prior Period	<u>County</u>	% Change From Prior Period
2017 Estimate (1) .....	117,335	4.3%	606,425	17.4%
2010 Census .....	112,488	7.0	516,564	40.2
2000 Census .....	105,168	21.1	368,536	39.8
1990 Census .....	86,835	17.2	263,590	20.9
1980 Census .....	74,111	39.5	218,106	58.3
1970 Census .....	53,131	47.4	137,776	28.8
1960 Census .....	36,047	24.6	106,991	30.6
1950 Census .....	28,937	60.1	81,912	42.7
1940 Census .....	18,071	22.4	57,382	17.1
1930 Census .....	14,766	43.3	49,021	20.2
1920 Census .....	10,303	15.4	40,792	7.5
1910 Census .....	8,925	44.3	37,942	16.9

(1) U.S. Bureau of the Census estimates for July 1, 2017. Percentage change is calculated from the 2010 Census.

(Source: U.S. Department of Commerce, Bureau of the Census.)

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## Employment, Income, Construction, And Sales Taxes Within Utah County, Provo City And The State Of Utah

### Labor Force, Nonfarm Jobs and Wages within Utah County

	Calendar Year (1)						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Civilian labor force.....	292,474	279,993	266,645	255,288	248,743	238,745	4.5	5.0	4.4	2.6	4.2
Employed persons.....	283,950	271,355	257,951	246,367	238,194	226,892	4.6	5.2	4.7	3.4	5.0
Unemployed persons.....	8,524	8,638	8,694	8,921	10,549	11,853	(1.3)	(0.6)	(2.5)	(15.4)	(11.0)
Total private sector (average).....	215,105	204,381	192,948	180,028	171,903	162,252	5.2	5.9	7.2	4.7	5.9
Agriculture, forestry, fishing and hunting...	1,169	1,209	1,166	1,159	1,143	1,155	(3.3)	3.7	0.6	1.4	(1.0)
Mining.....	100	72	88	111	103	127	38.9	(18.2)	(20.7)	7.8	(18.9)
Utilities.....	326	350	289	289	282	299	(6.9)	21.1	0.0	2.5	(5.7)
Construction.....	22,769	21,151	18,587	16,320	14,771	13,385	7.6	13.8	13.9	10.5	10.4
Manufacturing.....	18,313	17,611	17,646	17,773	17,476	16,539	4.0	(0.2)	(0.7)	1.7	5.7
Wholesale trade.....	6,748	6,408	6,716	6,222	5,611	5,206	5.3	(4.6)	7.9	10.9	7.8
Retail trade.....	31,761	29,879	28,105	25,411	24,283	23,141	6.3	6.3	10.6	4.6	4.9
Transportation and warehousing.....	3,339	3,085	2,899	2,607	2,416	2,415	8.2	6.4	11.2	7.9	0.0
Information.....	12,643	12,462	11,190	9,995	9,347	8,600	1.5	11.4	12.0	6.9	8.7
Finance and insurance.....	5,413	5,003	4,873	4,499	4,559	4,289	8.2	2.7	8.3	(1.3)	6.3
Real estate and rental and leasing.....	2,819	2,618	2,356	2,306	2,254	2,031	7.7	11.1	2.2	2.3	11.0
Professional, scientific and technical.....	18,472	17,256	16,409	15,217	13,847	12,634	7.0	5.2	7.8	9.9	9.6
Management of companies/enterprises.....	1,373	1,409	1,191	1,239	1,059	1,128	(2.6)	18.3	(3.9)	17.0	(6.1)
Administrative/support/waste/remediation..	13,922	13,228	12,299	11,159	11,015	10,913	5.2	7.6	10.2	1.3	0.9
Education services.....	25,218	24,019	23,096	22,575	22,481	22,361	5.0	4.0	2.3	0.4	0.5
Health care and social assistance.....	26,648	25,540	24,316	22,958	22,136	20,780	4.3	5.0	5.9	3.7	6.5
Arts, entertainment and recreation.....	2,472	2,369	2,166	1,833	1,761	1,988	4.3	9.4	18.2	4.1	(11.4)
Accommodation and food services.....	17,394	16,770	15,799	14,793	13,934	12,979	3.7	6.1	6.8	6.2	7.4
Other services.....	5,375	5,146	4,913	4,710	4,564	4,368	4.5	4.7	4.3	3.2	4.5
Unclassified establishments.....	0	6	1	1	8	10	(100.0)	500.0	0.0	(87.5)	(20.0)
Total public sector (average).....	30,748	13,168	29,289	28,809	28,251	27,859	133.5	(55.0)	1.7	2.0	1.4
Federal.....	1,012	970	919	903	917	949	4.3	5.5	1.8	(1.5)	(3.4)
State.....	8,919	8,687	8,439	8,213	8,111	7,804	2.7	2.9	2.8	1.3	3.9
Local.....	20,818	20,511	19,931	19,693	19,223	19,107	1.5	2.9	1.2	2.4	0.6
Total payroll (in \$1,000's) (4).....	\$ 10,255,670	\$ 9,514,645	\$ 8,779,965	\$ 7,936,307	\$ 7,464,442	\$ 6,973,813	381.5	8.4	10.6	6.3	7.0
Average monthly wage.....	\$ 3,476	\$ 3,380	\$ 3,292	\$ 3,167	\$ 3,108	\$ 3,057	2.8	2.7	3.9	1.9	1.7
Average employment.....	245,853	234,548	222,236	208,836	200,154	190,111	4.8	5.5	6.4	4.3	5.3
Establishments.....	15,719	14,955	14,298	13,687	13,246	12,500	5.1	4.6	4.5	3.3	6.0

(1) Utah Department of Workforce Services.

**Employment, Income, Construction, And Sales Taxes Within Utah County, Provo City And The State Of Utah—continued**

**Personal Income; Per Capital Personal Income; Median Household Income within Utah County and State of Utah (1)**

	Calendar Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Total Personal Income (in \$1,000's):</b>											
Utah County.....	\$ 23,134,496	\$ 22,025,557	\$ 20,456,524	\$ 18,671,591	\$ 17,107,938	\$ 16,225,925	5.0	7.7	9.6	9.1	5.4
State of Utah.....	134,803,800	128,407,000	121,876,400	113,230,000	106,612,900	103,227,800	5.0	5.4	7.6	6.2	3.3
<b>Total Per Capita Personal Income:</b>											
Utah County.....	\$ 38,149	\$ 37,301	\$ 35,698	\$ 33,288	\$ 31,013	\$ 30,060	2.3	4.5	7.2	7.3	3.2
State of Utah.....	43,459	42,179	40,831	38,531	36,764	36,167	3.0	3.3	6.0	4.8	1.7
<b>Median Household Income:</b>											
Utah County.....	\$ 69,568	\$ 65,425	\$ 60,957	\$ 60,069	\$ 58,167	\$ 58,077	6.3	7.3	1.5	3.3	0.2
State of Utah.....	68,395	65,931	62,961	60,943	59,715	57,067	3.7	4.7	3.3	2.1	4.6

**Construction within Provo City (2)**

	Calendar Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
Number new dwelling units.....	242.0	267.0	319.0	330.0	264.0	124.0	1,916.7	(16.3)	(3.3)	25.0	112.9
<b>New (in \$1,000's):</b>											
Residential value.....	\$ 54,366.2	\$ 62,328.8	\$ 42,794.2	\$ 43,323.2	\$ 39,000.2	\$ 51,202.8	1,598.4	45.6	(1.2)	11.1	(23.8)
Non-residential value.....	141,012.1	569,979.3	57,916.4	131,574.5	111,263.0	11,599.1	11,590.6	884.1	(56.0)	18.3	859.2
<b>Additions, alterations, repairs (in \$1,000's):</b>											
Residential value.....	10,999.2	6,850.7	7,606.6	7,174.9	6,097.0	4,320.7	590.7	(9.9)	6.0	17.7	41.1
Non-residential value.....	17,214.0	63,926.2	36,112.8	30,255.0	86,734.5	42,458.8	(86.3)	77.0	19.4	(65.1)	104.3
Total construction value (in \$1,000's).....	<u>\$ 223,591.5</u>	<u>\$ 703,085.0</u>	<u>\$ 144,430.0</u>	<u>\$ 212,327.6</u>	<u>\$ 243,094.7</u>	<u>\$ 109,581.4</u>	(68.2)	386.8	(32.0)	(12.7)	121.8

**Sales Taxes Within Provo City, Utah County and the State of Utah (3)**

	Calendar Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Gross Taxable Sales (in \$1,000's):</b>											
Utah County.....	\$ 9,556,494	\$ 8,679,093	\$ 8,151,075	\$ 7,555,120	\$ 7,186,924	\$ 6,886,070	10.1	6.5	7.9	5.1	4.4
Provo City.....	1,444,888	1,367,509	1,315,292	1,296,485	1,242,263	1,154,862	5.7	4.0	1.5	4.4	7.6
State of Utah.....	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	47,531,180	8.0	4.8	4.3	4.7	3.9
	Fiscal Year						% change from prior year				
	2017	2016	2015	2014	2013	2012	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Local Sales and Use Tax Distribution:</b>											
Utah County (and all cities).....	\$ 97,501,537	\$ 90,870,169	\$ 86,391,946	\$ 81,280,075	\$ 77,867,042	\$ 72,132,139	7.3	5.2	6.3	4.4	8.0
Provo City.....	17,564,199	16,929,103	16,591,105	16,048,759	15,474,360	14,633,508	3.8	2.0	3.4	3.7	5.7

- (1) Source: U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.
- (2) Source: University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.
- (3) Source: Utah State Tax Commission.

## Largest Employers

The following is a list of the largest employers in the City and County.

<u>Employer (Location)</u>	<u>Business</u>	<u>Approximate Range of Number of Employees</u>
<i>Major Employers in the City</i>		
Brigham Young University (Provo).....	Education services	15,000–20,000
Utah Valley Regional Medical Center (Provo).....	Health care and social assistance	5,000–7,000
Vivint, Inc. (Provo).....	Construction	3,000–4,000
RBD Acquisition Sub, Inc. (Provo).....	Admin., support, waste mgt., remed.	2,000–3,000
Central Utah Medical Clinic (Provo).....	Health care and social assistance	1,000–2,000
Chrysalis Utah, Inc. (Provo).....	Health care and social assistance	1,000–2,000
NuSkin International Inc. (Provo).....	Wholesale trade	1,000–2,000
Provo City (Provo).....	Public administration	1,000–2,000
Provo City School District (Provo).....	Education services	1,000–2,000
Ancestry.com (Provo).....	Retail trade	500–1,000
Citizens Telecommunication (Provo).....	Information	500–1,000
Qualtrics, LLC (Provo).....	Professional, scientific, & technical svcs.	500–1,000
<i>Major Employers in the County</i>		
Alpine School District (northern county-wide).....	Education services	7,000–10,000
Utah Valley University (Orem).....	Education services	5,000–7,000
Nebo School District (southern county-wide).....	Education services	3,000–4,000
State of Utah (county-wide).....	State government	2,000–3,000
Wal-Mart (county-wide).....	Retail trade	2,000–3,000
Young Living Essential Oils (Lehi).....	Retail trade	2,000–3,000
Adobe Systems Incorporated (Lehi).....	Information	1,000–2,000
Doterra International (Lehi).....	Wholesale trade	1,000–2,000
Entrata, Inc. (Lehi).....	Information	1,000–2,000
IM Flash Technologies (Lehi).....	Manufacturing	1,000–2,000
Nestle Prepared Foods (Springville).....	Manufacturing	1,000–2,000
Nexeo Staffing, LLC (Orem).....	Admin., support, waste mgt., remed.	1,000–2,000
Response Marketing Group (Orem).....	Business support services	1,000–2,000
Smith’s Food and Drug (county-wide).....	Retail trade	1,000–2,000
Sundance Resort.....	Recreation/accommodations	1,000–2,000
Sykes Enterprises (Lehi).....	Management, scientific and technology	1,000–2,000
Utah County (county-wide).....	County government	1,000–2,000
Vivint Solar (Lehi).....	Construction	1,000–2,000

(Source: Utah Department of Workforce Services. Updated September 2018.)

For additional demographic, economic, and principal employers as of the City’s Fiscal Year 2018 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Demographic and Economic Statistics Last Ten Fiscal Years” (CAFR page 123) and “—Principal Employers—Current Year and Nine Years Ago” (CAFR page 124).

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**Rate Of Unemployment—Annual Average**

<u>Year</u>	<u>Utah County</u>	<u>State of Utah</u>	<u>United States</u>
2018 (1).....	2.9%	3.2%	3.7%
2017 .....	2.9	3.2	4.4
2016 .....	3.1	3.4	4.9
2015 .....	3.3	3.6	5.3
2014 .....	3.5	3.8	6.2
2013 .....	4.2	4.6	7.4

(1) Preliminary, subject to change. As of November 2018 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

**DEBT STRUCTURE OF PROVO CITY, UTAH**

**Outstanding General Obligation Bonded Indebtedness**

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following general obligation bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2019 (a) .....	Various buildings (3)	\$65,850,000*	February 1, 2039*	\$65,850,000*
2017 (1).....	Refunding recreation	24,550,000	January 1, 2032	24,550,000
2011 (1) (2) .....	Recreation	39,000,000	January 1, 2021 (4)	<u>3,710,000</u>
Total principal amount of outstanding debt.....				<u>\$94,110,000*</u>

\* Preliminary; subject to change.

(a) For purposes of this OFFICIAL STATEMENT the 2019 Bonds will be considered issued and outstanding. A rating from Moody's has been applied for. The 2019 Bonds are rated "AA+" by S&P Global Ratings.

(1) Rated "Aa1" by Moody's Investors Service ("Moody's") and "AA+" by S&P Global Ratings ("S&P"), as of the date of this OFFICIAL STATEMENT.

(2) Principal portions of this bond were refunded by the 2017 GO Bonds.

(3) Police, fire and other city facilities.

(4) Final maturity date after a portion of this bond was refunded by the 2017 GO Bonds.

(Source: Municipal Advisor.)

**Outstanding Sales Tax Revenue Bonded Indebtedness**

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following sales tax revenue bonds issued under a 2004 indenture (the "2004 Indenture").

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<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2017 (1).....	Airport	\$ 4,975,000	February 15, 2034	\$ 4,975,000
2004 (1) (2).....	Telecommunication	39,500,000	February 15, 2026	<u>20,435,000</u>
Total principal amount of outstanding debt.....				<u>\$25,410,000</u>

- (1) Rated “AA+” by S&P, as of the date of this OFFICIAL STATEMENT.  
(2) These bonds are federally taxable. The scheduled payment of principal of and interest on these bonds when due are guaranteed under an insurance policy issued by National Public Finance Guarantee Corp.

(Source: Municipal Advisor.)

### **Outstanding Redevelopment Agency Bonded Indebtedness**

*The City called and retired this bond on July 2, 2018. This bond issue has been included in this OFFICIAL STATEMENT because the final payment of principal and interest occurred within Fiscal Year 2019 and the bond issue was outstanding and included in the City’s 2018 CAFR.*

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2005 (1).....	Tax increment	\$2,100,000	July 2, 2018	<u>\$0</u>

- (1) Direct placement, not rated, no rating applied for.

### **Outstanding Storm Water Revenue Bonded Indebtedness**

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following storm water revenue bond issued under a 2010 indenture.

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2010B (2).....	Storm water	\$3,850,000	June 1, 2024	\$3,850,000
2010A.....	Refunding	4,435,000	June 1, 2019	<u>100,000</u>
Total principal amount of outstanding debt.....				<u>\$3,950,000</u>

- (1) These bonds were issued by the City for and in behalf of the Provo City Storm Water Service District. These bonds are rated “Aa3” by Moody’s, as of the date of this OFFICIAL STATEMENT.  
(2) These bonds are federally taxable, 35% issuer subsidy, “Build America Bonds.”

(Source: Municipal Advisor.)

### **Outstanding Cemetery Revenue Bonded Indebtedness**

As of the date of this OFFICIAL STATEMENT, the City’s has outstanding the following cemetery revenue bond.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2014 (1).....	Cemetery	\$2,334,000	May 1, 2034	<u>\$1,993,000</u>

- (1) Direct placement, not rated, no rating applied for.

(Source: Municipal Advisor.)

### Outstanding Wastewater Revenue Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following wastewater revenue bond issued under a 2015 indenture.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2015A (1) .....	Wastewater	\$8,980,000	February 1, 2035	<u>\$8,040,000</u>

(1) Rated “AA” by S&P and “AA-” by Fitch Ratings Inc. (“Fitch”), as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

*The City anticipates the future construction of a new approximate \$150 million wastewater treatment facility. See “Future Issuance Of Debt; Other Financial Considerations; Capital Leases; Joint Ventures” below.*

### Outstanding Water Revenue Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following water revenue bond issued under a 2015 indenture.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2015A (1) .....	Water	\$10,775,000	February 1, 2035	<u>\$9,645,000</u>

(1) Rated “AA” by S&P and “AA” by Fitch, as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

### Outstanding Energy System Revenue Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following energy system revenue bond issued under a 2015 indenture.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2015A (1) .....	Electric	\$19,550,000	February 1, 2035	<u>\$17,220,000</u>

(1) Rated “AA” (Build America Mutual Assurance insured; underlying “A+”) by S&P and “AA-” by Fitch, as of the date of this OFFICIAL STATEMENT. The scheduled payment of principal of and interest on these bonds when due are guaranteed under an insurance policy issued by Build America Mutual Assurance Company.

(Source: Municipal Advisor.)

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**Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2019 \$65,850,000*		Series 2017 \$24,550,000		Series 2011 \$39,000,000		Totals*		
	Principal	Interest (a)	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
	2018.....	\$ 0	\$ 0	\$ 0	\$ 307,843	\$ 1,680,000	\$ 898,375	\$ 1,680,000	\$ 1,206,218
2019.....	0	0	0	1,191,650	1,750,000	218,400	1,750,000	1,410,050	3,160,050
2020.....	2,125,000	2,589,178	0	1,191,650	1,820,000	148,400	3,945,000	3,929,228	7,874,228
2021.....	2,200,000	2,526,813	0	1,191,650	1,890,000	75,600	4,090,000	3,794,063	7,884,063
2022.....	2,300,000	2,416,813	1,760,000	1,191,650	0	0 (1)	4,060,000	3,608,463	7,668,463
2023.....	2,425,000	2,301,813	1,825,000	1,121,250	0	0 (1)	4,250,000	3,423,063	7,673,063
					0	0	0	0	
2024.....	2,550,000	2,180,563	1,900,000	1,048,250	0	0 (1)	4,450,000	3,228,813	7,678,813
2025.....	2,675,000	2,053,063	1,995,000	953,250	0	0 (1)	4,670,000	3,006,313	7,676,313
2026.....	2,800,000	1,919,313	2,095,000	853,500	0	0 (1)	4,895,000	2,772,813	7,667,813
2027.....	2,950,000	1,779,313	2,205,000	748,750	0	0 (1)	5,155,000	2,528,063	7,683,063
2028.....	3,100,000	1,631,813	2,310,000	638,500	0	0 (1)	5,410,000	2,270,313	7,680,313
					0	0	0	0	
2029.....	3,250,000	1,476,813	2,425,000	523,000	0	0 (1)	5,675,000	1,999,813	7,674,813
2030.....	3,400,000	1,314,313	2,550,000	401,750	0	0 (1)	5,950,000	1,716,063	7,666,063
2031.....	3,525,000	1,212,313	2,675,000	274,250	0	0 (1)	6,200,000	1,486,563	7,686,563
2032.....	3,625,000	1,106,563	2,810,000	140,500	0	0 (1)	6,435,000	1,247,063	7,682,063
2033.....	3,725,000	993,281	-	-	-	-	3,725,000	993,281	4,718,281
2034.....	3,850,000	872,219	-	-	-	-	3,850,000	872,219	4,722,219
2035.....	3,975,000	742,281	-	-	-	-	3,975,000	742,281	4,717,281
2036.....	4,125,000	608,125	-	-	-	-	4,125,000	608,125	4,733,125
2037.....	4,275,000	463,750	-	-	-	-	4,275,000	463,750	4,738,750
2038.....	4,400,000	314,125	-	-	-	-	4,400,000	314,125	4,714,125
2039.....	4,575,000	160,125	-	-	-	-	4,575,000	160,125	4,735,125
Totals.....	<u>\$ 65,850,000</u>	<u>\$ 28,662,584</u>	<u>\$ 24,550,000</u>	<u>\$ 11,777,443</u>	<u>\$ 7,140,000</u>	<u>\$ 1,340,775</u>	<u>\$ 97,540,000</u>	<u>\$ 41,780,802</u>	<u>\$ 139,320,802</u>

\* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.69% per annum.

(1) Principal and interest will be refunded by the 2017 GO Bonds.

(Source: Zions Public Finance, Inc..)

**Debt Service Schedule Of Outstanding Sales Tax Revenue Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2017 \$4,975,000		Series 2004 (1) \$39,500,000		<b>Totals</b>		
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
	2018.....	\$ 0	\$ 52,939	\$ 2,005,000	\$ 1,210,233	\$ 2,005,000	\$ 1,263,172
2019.....	0	196,475	2,110,000 (2)	1,107,577	2,110,000	1,304,052	3,414,052
2020.....	130,000	196,475	2,220,000 (2)	993,215	2,350,000	1,189,690	3,539,690
2021.....	275,000	189,975	2,340,000 (2)	872,891	2,615,000	1,062,866	3,677,866
2022.....	285,000	176,225	2,470,000 (2)	746,063	2,755,000	922,288	3,677,288
2023.....	300,000	161,975	2,605,000 (2)	612,189	2,905,000	774,164	3,679,164
2024.....	290,000	146,975	2,745,000 (2)	470,998	3,035,000	617,973	3,652,973
2025.....	305,000	132,475	2,895,000 (2)	322,219	3,200,000	454,694	3,654,694
2026.....	320,000	117,225	3,050,000 (2)	165,310	3,370,000	282,535	3,652,535
2027.....	335,000	101,225	–	–	335,000	101,225	436,225
2028.....	355,000	84,475	–	–	355,000	84,475	439,475
2029.....	370,000	66,725	–	–	370,000	66,725	436,725
2030.....	380,000	58,400	–	–	380,000	58,400	438,400
2031.....	390,000	48,900	–	–	390,000	48,900	438,900
2032.....	400,000	37,200	–	–	400,000	37,200	437,200
2033.....	415,000	25,200	–	–	415,000	25,200	440,200
2034.....	425,000	12,750	–	–	425,000	12,750	437,750
Totals.....	<u>\$ 4,975,000</u>	<u>\$ 1,805,614</u>	<u>\$ 22,440,000</u>	<u>\$ 6,500,695</u>	<u>\$ 27,415,000</u>	<u>\$ 8,306,309</u>	<u>\$ 35,721,309</u>

(1) Federally taxable bonds.

(2) Mandatory sinking fund principal payments from a \$20,435,000 5.42% term bond due February 15, 2026.

(Source: Zions Public Finance, Inc..)

**Debt Service Schedule Of Outstanding Redevelopment Agency  
Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2005 \$2,100,000		<b>Totals</b>
	Principal	Interest	
2018.....	\$ 50,000	\$ 62,230	\$ 112,230
2019.....	0	164 (1)	164
2020.....	0	0	0
2021.....	0	0	0
2022.....	0	0	0
2023.....	0	0	0
2024.....	0	0	0
2025.....	0	0	0
2026.....	0	0	0
Totals.....	<u>\$ 50,000</u>	<u>\$ 62,394</u>	<u>\$ 112,394</u>

(1) The City retired this bond issue on July 2, 2018 from legally available cash on hand.

(Source: Zions Public Finance, Inc..)

**Debt Service Schedule Of Outstanding Storm Water Revenue Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2010B \$3,850,000		Series 2010A \$4,435,000		<b>Totals</b>		
	<u>Principal</u>	<u>Interest (1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal</u>	<u>Total Interest (1)</u>	<u>Total Debt Service (1)</u>
2018.....	\$ 0	\$ 184,576	\$ 595,000	\$ 20,850	\$ 595,000	\$ 205,426	\$ 800,426
2019.....	510,000	184,576	100,000	3,000	610,000	187,576	797,576
2020.....	630,000	162,238	–	–	630,000	162,238	792,238
2021.....	645,000	133,888	–	–	645,000	133,888	778,888
2022.....	665,000	103,250	–	–	665,000	103,250	768,250
2023.....	690,000 (2)	70,000	–	–	690,000	70,000	760,000
2024.....	<u>710,000 (2)</u>	<u>35,500</u>	<u>–</u>	<u>–</u>	<u>710,000</u>	<u>35,500</u>	<u>745,500</u>
Totals.....	<u>\$3,850,000</u>	<u>\$ 874,026</u>	<u>\$ 695,000</u>	<u>\$ 23,850</u>	<u>\$4,545,000</u>	<u>\$ 897,876</u>	<u>\$ 5,442,876</u>

(1) Federally taxable, 35% interest subsidy, Build America Bonds. Reflects actual interest and does not reflect federal interest subsidy payments. Subsidy payment are subject to partial reduction due to federal sequestration, as described under "Federal Funding Cuts" below.

(2) Mandatory sinking fund principal payments from a \$1,400,000 5% term bond due June 1, 2024.

(Source: Zions Public Finance, Inc..)

**Debt Service Schedule Of Outstanding Cemetery  
Revenue Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2014 \$2,334,000		
	Principal	Interest	Total
2018.....	\$ 89,000 (1)	\$ 80,573	\$ 169,573
2019.....	92,000 (1)	77,129	169,129
2020.....	96,000 (1)	73,569	169,569
2021.....	100,000 (1)	69,854	169,854
2022.....	103,000 (1)	65,984	168,984
2023.....	107,000 (1)	61,997	168,997
2024.....	112,000 (1)	57,857	169,857
2025.....	116,000 (1)	53,522	169,522
2026.....	120,000 (1)	49,033	169,033
2027.....	125,000 (1)	44,389	169,389
2028.....	130,000 (1)	39,551	169,551
2029.....	135,000 (1)	34,520	169,520
2030.....	140,000 (1)	29,296	169,296
2031.....	146,000 (1)	23,878	169,878
2032.....	151,000 (1)	18,228	169,228
2033.....	157,000 (1)	12,384	169,384
2034.....	<u>163,000 (1)</u>	<u>6,308</u>	<u>169,308</u>
Totals.....	<u>\$2,082,000</u>	<u>\$ 798,071</u>	<u>\$2,880,071</u>

(1) Mandatory sinking fund principal payments from a \$2,082,000 3.87% term bond due May 1, 2034.

(Source: Zions Public Finance, Inc..)

**Debt Service Schedule Of Outstanding Wastewater  
Revenue Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2015A \$8,980,000		
	Principal	Interest	Total
2018.....	\$ 320,000	\$ 335,450	\$ 655,450
2019.....	335,000	322,650	657,650
2020.....	350,000	305,900	655,900
2021.....	370,000	288,400	658,400
2022.....	385,000	269,900	654,900
2023.....	405,000	250,650	655,650
2024.....	425,000	230,400	655,400
2025.....	435,000	219,775	654,775
2026.....	450,000	208,900	658,900
2027.....	460,000	195,400	655,400
2028.....	480,000	177,000	657,000
2029.....	500,000	157,800	657,800
2030.....	520,000	137,800	657,800
2031.....	540,000	117,000	657,000
2032.....	560,000	95,400	655,400
2033.....	585,000	73,000	658,000
2034.....	610,000	49,600	659,600
2035.....	630,000	25,200	655,200
Totals.....	<u>\$ 8,360,000</u>	<u>\$3,460,225</u>	<u>\$ 11,820,225</u>

(Source: Zions Public Finance, Inc..)



**Debt Service Schedule Of Outstanding Water Revenue  
Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2015A \$10,775,000		
	Principal	Interest	Total
2018.....	\$ 385,000	\$ 402,425	\$ 787,425
2019.....	400,000	387,025	787,025
2020.....	420,000	367,025	787,025
2021.....	440,000	346,025	786,025
2022.....	465,000	324,025	789,025
2023.....	485,000	300,775	785,775
2024.....	510,000	276,525	786,525
2025.....	525,000	263,775	788,775
2026.....	535,000	250,650	785,650
2027.....	555,000	234,600	789,600
2028.....	575,000	212,400	787,400
2029.....	600,000	189,400	789,400
2030.....	625,000	165,400	790,400
2031.....	650,000	140,400	790,400
2032.....	675,000	114,400	789,400
2033.....	700,000	87,400	787,400
2034.....	730,000	59,400	789,400
2035.....	755,000	30,200	785,200
Totals.....	<u>\$ 10,030,000</u>	<u>\$ 4,151,850</u>	<u>\$ 14,181,850</u>

(Source: Zions Public Finance, Inc..)

**Debt Service Schedule Of Outstanding Energy System  
Revenue Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2015A \$19,550,000		
	Principal	Interest	Total
2018.....	\$ 735,000	\$ 620,223	\$ 1,355,223
2019.....	750,000	605,523	1,355,523
2020.....	770,000	583,023	1,353,023
2021.....	795,000	559,923	1,354,923
2022.....	820,000	536,073	1,356,073
2023.....	845,000	511,473	1,356,473
2024.....	885,000	469,223	1,354,223
2025.....	930,000	424,973	1,354,973
2026.....	975,000	378,473	1,353,473
2027.....	1,025,000	329,723	1,354,723
2028.....	1,055,000	298,973	1,353,973
2029.....	1,090,000	267,323	1,357,323
2030.....	1,120,000	234,623	1,354,623
2031.....	1,155,000	199,623	1,354,623
2032.....	1,190,000	162,663	1,352,663
2033.....	1,230,000	123,988	1,353,988
2035.....	1,315,000	42,738	1,357,738
<b>Totals.....</b>	<b>\$16,685,000</b>	<b>\$6,348,553</b>	<b>\$23,033,553</b>

(Source: Zions Public Finance, Inc..)

## **Future Issuance Of Debt; Other Financial Considerations; Capital Leases; Joint Ventures**

*Future Issuance of Debt.* The City anticipates the future construction of a new approximate \$150 million wastewater treatment facility. The City may obtain a portion of the funding for the wastewater treatment project from the State of Utah, Division of Water Quality in the amount of \$78 million in Fiscal Year 2020. The City anticipates using legally available cash on hand and wastewater revenue bonds to fund the wastewater treatment project.

*Other Financial Considerations.* From time to time the City may issue conduit debt for private business. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note 8. Long-Term Debt—Conduit Debt” (CAFR page 56). The City has no liability for these bond issues.

*Capital Leases.* In addition, the City has various capital leases outstanding. As of Fiscal Year 2018, the present value of the minimum lease payments of the City’s capital leases totals \$5,797,502, with annual payments scheduled through Fiscal Year 2025. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note 7. Capital Leases” (CAFR page 55).

*Joint Ventures.* The City also participates in several joint ventures for electric energy, solid waste, animal services and recreation (ice sheets). For a discussion of the City’s joint ventures as of Fiscal Year 2018 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note 11. Joint Ventures” (CAFR page 61).

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## Overlapping And Underlying General Obligation Debt

Taxing Entity	2018 Taxable Value (1)	City's Portion of Tax- able Value	City's Per- centage	Entity's General Obligation Debt	City's Portion of G.O. Debt
<i>Overlapping:</i>					
State of Utah .....	\$285,970,117,064	\$6,367,867,764	2.23%	\$2,145,560,000	\$ 47,845,988
CUWCD (2) .....	168,739,037,460	6,367,867,764	3.77	206,900,000	7,800,130
Provo City School District .....	6,350,409,665	6,350,409,665	100.00	114,315,000	<u>114,315,000</u>
Total overlapping .....					<u>169,964,118</u>
<i>Underlying:</i>					
Alpine School District .....	27,902,970,708	8,730,000	0.03	506,360,000	151,908
Nebo School District .....	9,049,447,722	8,730,000	0.10	172,170,000	<u>172,170</u>
Total underlying .....					<u>324,078</u>
Total overlapping and underlying general obligation debt .....					<u>\$170,288,196</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (3) .....					\$122,118,130
Total <i>direct</i> general obligation bonded indebtedness .....					<u>94,785,000*</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State) .....					<u>\$216,903,130*</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium.

\* Preliminary; subject to change.

- (1) *Preliminary; subject to change.* Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property and valuation on semiconductor manufacturing equipment.
- (2) Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (3) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(Source: Municipal Advisor.)

For the City’s presentation of Fiscal Year 2018 overlapping general obligation debt table, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Information—Direct and Overlapping Governmental Activities Debt as of June 30, 2018” (CAFR page 120).

## Debt Ratios Regarding General Obligation Debt

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the City, the estimated market value of such property and the population of the City. *The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

	To 2018 Est. Taxable Value (1)	To 2018 Est. Market Value (2)	To 2017 Population Estimate Per Capita (3)
<i>Direct</i> general obligation debt* .....	1.49%	1.00%	\$ 808
<i>Direct and overlapping</i> general obligation debt* .....	3.41	2.29	1,849

\* Preliminary; subject to change.

(1) Based on an estimated 2018 Taxable Value of \$6,367,867,764, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on an estimated 2018 Market Value of \$9,455,037,415, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on 2017 estimate of 117,335 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

Also, see “FINANCIAL INFORMATION REGARDING PROVO CITY, UTAH—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property” below.

For a 10–year history of debt ratios of the City regarding general obligation bonds, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Ratios of General Bonded Debt Outstanding Last Ten Fiscal Year” (CAFR page 119).

### **General Obligation Legal Debt Limit And Additional Debt Incurring Capacity**

The general obligation indebtedness of the City is limited by State law to 8% of the fair market value of taxable property in the City (4% for general purposes and an additional 4% for sewer, water and electric purposes) based on the last equalized property tax assessment roll for State or County purposes prior to incurring the debt. The legal debt limit and additional debt incurring capacity of the City are based on the fair market value for 2017 and the calculated valuation value from 2017 uniform fees, and are calculated as follows:

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2017 “Fair Market Value” .....	\$8,791,726,832
2017 Valuation from Uniform Fees .....	<u>52,790,771</u>
2017 “Fair Market Value for Debt Incurring Capacity” (1) .....	<u>\$8,844,517,603</u>

	4% Sewer, Water and Electric	4% Other Purposes	8% Total (2)
“Fair Market Value” times 4%.....	\$353,780,704	\$ 0	\$353,780,704
“Fair Market Value” times 4%.....	<u>0</u>	<u>353,780,704</u>	<u>353,780,704</u>
Total debt incurring capacity .....	353,780,704	324,175,882	707,561,408
Less: current outstanding general obligation debt .....	<u>(0)</u>	<u>(100,266,724)*</u>	<u>(100,266,724)*</u>
Additional debt incurring capacity.....	<u>\$353,780,704</u>	<u>\$223,909,158*</u>	<u>\$607,294,684*</u>

(1) Final 2018 information is not available. For debt incurring capacity only, in computing the fair market value of taxable property in the City, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the City.

(2) The full 8% may be used for water, sewer and electric purposes but if it is so used, then no general obligation bonds may be issued in excess of 8% for any purpose. For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt notes of the City’s financial statements. For accounting purposes, the total unamortized bond premium was \$5,481,724 (as of June 30, 2018) and together with current outstanding debt of \$94,785,000\*, results in total outstanding debt of \$100,266,724\*.

\* Preliminary; subject to change.

(Source: Municipal Advisor.)

For a 10-year history of the City’s general obligation legal debt margin see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Legal Debt Margin Information Last Ten Years” (CAFR page 121).

### Federal Funding Cuts

*Federal Sequestration.* Pursuant to the Budget Control Act of 2011 (the “BCA”), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as “sequestration”) were ordered in federal fiscal years ending September 30, 2013 through 2021 and were subsequently extended through September 30, 2027. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds (“BABs”) and various other federal expenditures.

The City was impacted by federal sequestration in Fiscal Year 2018 with reductions in subsidy payments of \$4,005 for its Taxable Storm Water Revenue Bonds, Series 2010B, dated June 2, 2010 (CUSIP® 744197) (the “2010 BAB Bonds”). The City anticipates that any future reductions of subsidy payments with respect to the outstanding 2010 BAB Bonds and reductions in other federal grants because of sequestration, would have no material impact on its operations or financial position. The City cannot predict whether Congress will act to avoid or extend sequestration in the future.

### No Defaulted Obligations

The City has never failed to pay principal of and interest on any of its financial obligations when due.

## **FINANCIAL INFORMATION REGARDING PROVO CITY, UTAH**

### **Fund Structure; Accounting Basis**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government 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 charged to external parties for goods or services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds are aggregated and reported in single column on the proprietary fund financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in the governmental fund statements. Revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost-reimbursement grants are accrued when the related expenditures are incurred.

In the proprietary fund statements and the government-wide statements, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

### **Budgets And Budgetary Accounting**

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Cities, Title 10, Chapter 6, Utah Code (the "Fiscal Procedures Act"). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds, capital project funds and proprietary funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regular meeting of the Municipal Council of the City in May of each year, the budget officer is required to submit to the Municipal Council tentative budgets for all funds for fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments, but must file these submissions with the Municipal Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the Municipal Council, with any amendments or revisions that the Municipal Council deems advisable prior to the public hearing on the tentative budget. After public notice and hearing, the tentative budget is adopted by the Municipal Council, subject to further amendment or revisions by the Municipal Council prior to adoption of the final budget.

Prior to June 22 of each year, the final budgets for all funds are adopted by the Municipal Council. The Fiscal Procedures Act prohibits the Municipal Council from making any appropriation in the final budget of any fund more than the estimated expendable revenue of such fund. The adopted final budget is

subject to amendment by the Municipal Council during the fiscal year. However, to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act. The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the Municipal Council for the succeeding tax year.

Also, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note 17. Stewardship, Compliance and Accountability” (CAFR page 74).

## **Financial Controls**

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the City has also empowered the Director of Finance to maintain control by major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Director of Finance checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued. Voucher payments are also controlled by the Director of Finance for sufficient appropriations.

## **Sources Of General Fund Revenues**

Set forth below are brief descriptions of the various sources of revenues available to the City’s General Fund. The percentage of total General Fund revenues represented by each source is based on the City’s audited Fiscal Year 2018 period (total general fund revenues were \$53,002,161).

*Taxes*—Approximately 64.6% (or \$36,071,294) of general fund revenues are from taxes.

*Charges for Services*—Approximately 19.7% (or \$10,970,650) of general fund revenues are from charges for services.

*Intergovernmental Revenue*—Approximately 8.7% (or \$4,845,319) of general fund revenues are from State shared revenues.

*Licenses and Permits*—Approximately 2% (or \$1,111,158) of general fund revenues are collected from licenses and permits.

*Miscellaneous*—Approximately 1.3% (or \$715,331) of general fund revenues are collected from other miscellaneous sources.

*Fines and Forfeitures*—Approximately 2.8% (or \$1,565,656) of general fund revenues are collected from fines and forfeitures.

*Interest income*—Less than 1% (or \$388,375) of general fund revenues are collected from interest income.

*Lease income; interest repayments*—Less than 1% (or \$133,376) of general fund revenues are collected from lease income and interest repayments.

(Source: Compiled by the Municipal Advisor from information taken from the Fiscal Year 2018 CAFR.)



## **Five-Year Financial Summaries**

The summaries contained herein were extracted from the City's CAFR reports. The summaries themselves have not been audited.

*The City's annual financial report for Fiscal Year 2019 must be completed under State law by December 31, 2019.*

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# Provo City, Utah

## Statement of Total Net Position

(This summary has not been audited)

	As of June 30				
	2018	2017	2016	2015	2014
Assets and deferred outflows or resources					
Assets					
Current assets					
Cash.....	\$ 103,363,133	\$ 82,775,365	\$ 79,800,264	\$ 71,011,411	\$ 62,841,194
Restricted cash.....	25,847,574	39,000,669	52,164,918	66,657,532	25,947,608
Accounts receivable.....	38,099,519	32,184,152	34,849,343	35,319,021	34,548,308
Inventory.....	2,514,596	2,340,640	1,922,568	2,158,851	2,384,581
Prepaid expenses.....	-	-	-	-	125,790
Total current assets.....	169,824,822	156,300,826	168,737,093	175,146,815	125,847,481
Noncurrent assets					
Capital assets					
Non depreciable.....	243,759,512	357,822,165	260,240,883	239,419,520	227,600,964
Depreciable assets (net of depreciation).....	373,152,686	241,525,354	314,673,002	305,913,467	304,751,641
Total capital assets.....	616,912,198	599,347,519	574,913,885	545,332,987	532,352,605
Other assets					
Notes and loans receivable.....	20,219,365	17,686,130	16,109,001	16,590,544	15,177,774
Investment in joint venture.....	9,336,285	14,311,004	13,726,072	13,064,044	14,017,821
Net pension asset.....	1,120,948	13,255	22,255	602,637	-
Other.....	1,611,727	11,836	11,836	53,766	2,684,894
Total other assets.....	32,288,325	32,022,225	29,869,164	30,310,991	31,880,489
Total noncurrent assets.....	649,200,523	631,369,744	604,783,049	575,643,978	564,233,094
Total assets.....	819,025,345	787,670,570	773,520,142	750,790,793	690,080,575
Deferred outflows of resources					
Related to pensions.....	18,197,004	14,853,597	12,429,109	3,734,845	-
Total deferred outflows of resources....	18,197,004	14,853,597	12,429,109	3,734,845	-
Total assets and deferred outflows of resources.....	\$ 837,222,349	\$ 802,524,167	\$ 785,949,251	\$ 754,525,638	\$ 690,080,575
Liabilities and net position					
Liabilities					
Current liabilities					
Accrued liabilities.....	\$ 13,170,137	\$ 8,889,930	\$ 9,472,295	\$ 9,918,257	\$ 10,240,698
Customer deposits.....	7,115,361	6,932,976	6,481,302	5,159,178	4,779,523
Bonds, loans and leases payable.....	7,110,608	6,854,662	6,412,835	6,267,480	5,856,189
Accounts payable.....	10,319,218	6,714,523	8,389,444	8,249,781	5,354,053
Accrued compensated absences.....	2,654,822	2,524,385	2,348,357	2,267,379	2,238,917
Accrued interest payable.....	1,804,597	1,859,295	1,910,348	1,768,319	1,411,103
Unearned revenue.....	-	-	-	-	283,020
Total current liabilities.....	42,174,743	33,775,771	35,014,581	33,630,394	30,163,503
Long-term liabilities					
Bonds payable.....	100,038,313	98,567,398	104,638,332	110,516,268	73,740,524
Net pension liability.....	20,935,937	29,313,316	26,623,167	20,088,257	-
Accrued compensated absences.....	6,194,587	5,890,235	5,479,500	5,290,541	5,228,147
Lease payable.....	4,783,894	5,797,503	4,753,165	-	462,500
Net OPEB payable.....	8,821,139	547,045	545,193	543,338	541,403
Unearned revenue.....	5,000	-	559,459	857,559	872,742
Notes payable.....	-	-	-	-	42,980
Total long-term liabilities.....	140,778,870	140,115,497	142,598,816	137,295,963	80,888,296
Total liabilities.....	182,953,613	173,891,268	177,613,397	170,926,357	111,051,799
Deferred inflows of resources					
Deferred inflows of resources.....	25,973,803	-	-	-	-
Deferred property tax revenue.....	-	10,934,280	10,800,161	10,633,187	11,411,268
Deferred inflows related to pensions.....	-	4,871,267	3,813,692	3,851,762	-
Total deferred inflows of resources.....	25,973,803	15,805,547	14,613,853	14,484,949	11,411,268
Net position					
Net investment in capital assets.....	\$ 507,990,788	\$ 496,064,655	\$ 504,824,968	\$ 497,316,128	\$ 480,035,033
Unrestricted.....	111,086,514	106,949,588	78,095,635	61,092,262	76,089,816
Restricted for					
Capital projects.....	6,751,989	7,340,025	8,246,895	8,294,765	6,976,464
Debt service.....	2,465,642	2,473,084	2,554,503	2,411,177	4,516,195
Total net position.....	628,294,933	612,827,352	593,722,001	569,114,332	567,617,508
Total liabilities, deferred inflows of resources and net position.....	\$ 837,222,349	\$ 802,524,167	\$ 785,949,251	\$ 754,525,638	\$ 690,080,575

(Source: Information extracted from the City's audited financial statements compiled by the Municipal Advisor.)

# Provo City, Utah

## Statement of Activities

### Total Primary Government

(This summary has not been audited)

	Fiscal Year Ended June 30				
	Net (Expense) Revenues and Changes in Net Position (1)				
	2018	2017	2016	2015	2014
Governmental activities					
Public safety.....	\$ (32,814,676)	\$ (30,558,570)	\$ (24,843,338)	\$ (25,263,408)	\$ (23,340,813)
General government.....	(13,068,311)	(7,558,434)	(12,919,260)	(7,953,323)	(14,111,289)
Culture and recreation.....	(10,511,238)	(9,899,838)	(9,867,339)	(13,672,860)	(9,885,317)
Interest on long-term debt.....	(2,551,409)	(3,038,788)	(3,253,889)	(3,405,382)	(3,867,154)
Community revitalization.....	(450,644)	(8,463,511)	(6,127,516)	1,542,109	(2,499,260)
Public services.....	7,512,802	7,543,525	5,079,428	1,804,074	6,378,496
Total governmental activities...	<u>(51,883,476)</u>	<u>(51,975,616)</u>	<u>(51,931,914)</u>	<u>(46,948,790)</u>	<u>(47,325,337)</u>
Business-type activities					
Ice sheet.....	5,807,341	—	—	—	—
Wastewater.....	4,894,813	2,712,931	3,960,227	1,663,366	1,216,597
Water.....	4,756,574	5,358,548	5,521,464	3,007,492	2,440,021
Energy.....	3,078,987	12,708,575	15,626,437 (2)	11,779,707	12,617,999
Storm drain.....	2,739,770	1,798,665	1,602,799	351,085	456,864
Airport.....	1,197,651	(2,038,463)	(610,449)	5,505,856	1,225,802
Sanitation.....	778,806	593,903	2,184,331	(76,762)	150,221
Golf course.....	(362,695)	(327,752)	(328,321)	(233,704)	(371,604)
Utility transportation.....	(737,853)	285,293	459,358	2,384,790	—
Total business-type activities...	<u>22,153,394</u>	<u>21,091,700</u>	<u>28,415,846</u>	<u>24,381,830</u>	<u>17,735,900</u>
Total primary government.....	<u>(29,730,082)</u>	<u>(30,883,916)</u>	<u>(23,516,068)</u>	<u>(22,566,960)</u>	<u>(29,589,437)</u>
General revenues					
Taxes					
Sales.....	18,973,348	17,918,297	17,427,786	17,005,890	16,431,948
Property.....	12,438,085	13,176,332	13,392,417	15,073,906	14,523,823
Franchise.....	9,952,771	9,600,873	9,048,377	8,968,660	9,210,230
RAP.....	1,277,460	1,215,568	—	—	—
Vehicle.....	732,313	800,751	841,044	957,751	925,744
Other.....	662,512	609,056	—	—	—
Miscellaneous.....	6,689,327	5,070,568	5,556,046	4,025,709	14,889,212
Investment earnings.....	3,301,947	1,403,416	975,001	753,364	900,146
Gain (loss) on sale of capital assets.....	1,381,050	194,406	1,687,243	37,960	208,663
Total general revenues.....	<u>55,408,813</u>	<u>49,989,267</u>	<u>48,927,914</u>	<u>46,823,240</u>	<u>57,089,766</u>
Change in net position.....	<u>25,678,731</u>	<u>19,105,351</u>	<u>25,411,846</u>	<u>24,256,280</u>	<u>27,500,329</u>
Net position—beginning, restated.....	602,616,202	593,722,001	568,310,155	544,858,052	540,117,179
Net position—ending.....	<u>\$ 628,294,933</u>	<u>\$ 612,827,352</u>	<u>\$ 593,722,001</u>	<u>\$ 569,114,332</u>	<u>\$ 567,617,508</u>

- (1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Position” and is not intended to be complete.
- (2) Revenue increase due to increase in energy system rates.

(Source: Information extracted from the City’s audited financial statements compiled by the Municipal Advisor.)

## Provo City, Utah

### Balance Sheet—Governmental Fund Types—General Fund

(This summary has not been audited)

	As of June 30				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Cash.....	\$ 18,319,375	\$ 11,395,257	\$ 10,123,332	\$ 9,123,891	\$ 6,068,444
Accounts receivable.....	10,819,087	11,062,529	10,069,280	9,610,055	9,963,862
Restricted cash.....	4,821,430	8,272,573	8,021,932	5,956,116	7,486,901
Notes and loans receivable.....	1,485,139	2,081,177	2,186,580	1,494,505	1,536,451
Inventory.....	74,648	74,648	74,648	35,548	38,564
Other.....	11,836	11,836	11,836	11,836	-
Due from other funds.....	-	-	1,129,350	-	2,935,770
Investment in land.....	-	-	-	-	22,557
Total assets and other debits.....	\$ 35,531,515	\$ 32,898,020	\$ 31,616,958	\$ 26,231,951	\$ 28,052,549
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Customer deposits.....	\$ 5,937,609	\$ 5,603,843	\$ 5,211,223	\$ 3,771,194	\$ 3,420,404
Accounts payable.....	1,540,521	1,682,992	844,224	826,802	1,732,532
Accrued liabilities.....	2,142,774	1,488,185	1,530,752	1,389,068	1,122,149
Due to other funds.....	0	266,037	884,580	514,127	619,717
Total liabilities.....	9,620,904	9,041,057	8,470,779	6,501,191	6,894,802
<b>Deferred inflows of resources</b>					
Deferred property tax revenue.....	4,765,300	4,486,143	4,409,462	4,311,568	4,013,078
Deferred revenue—loans receivable.....	1,404,139	2,081,177	1,053,929	1,494,504	1,161,176
Deferred unavailable revenue.....	532,227	335,929	1,526,646	988,326	1,205,446
Total deferred inflows of resources...	6,701,666	6,903,249	6,990,037	6,794,398	6,379,700
<b>Fund balances</b>					
Unassigned.....	13,128,183	9,882,260	11,170,908	8,633,582	8,338,392
Assigned.....	3,074,233	3,716,456	2,001,787	1,968,150	2,211,242
Restricted.....	2,920,045	3,268,514	2,896,963	2,287,246	4,167,292
Nonspendable.....	86,484	86,484	86,484	47,384	61,121
Total fund balances.....	19,208,945	16,953,714	16,156,142	12,936,362	14,778,047
Total liabilities, deferred inflows of resources and fund balances.....	\$ 35,531,515	\$ 32,898,020	\$ 31,616,958	\$ 26,231,951	\$ 28,052,549

(Source: Information extracted from the City's audited financial statements compiled by the Municipal Advisor.)

# Provo City, Utah

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Governmental Fund—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
Taxes.....	\$ 36,071,294	\$ 34,096,036	\$ 31,245,542	\$ 30,862,577	\$ 30,272,714
Charges for services.....	10,970,650	10,944,043	9,338,672	8,141,864	7,426,170
Intergovernmental.....	4,845,319	4,589,076	4,399,820	3,734,078	5,998,699
Fines and forfeitures.....	1,565,656	1,605,937	1,682,019	1,738,683	1,577,160
Licenses and permits.....	1,111,158	1,738,359	2,933,085	1,349,962	1,698,846
Miscellaneous.....	715,331	632,794	1,690,969	1,060,561	3,211,287
Interest income.....	388,375	164,398	120,866	90,045	86,030
Loan principal repayments.....	89,576	34,774	-	-	40,940
Lease income.....	43,800	43,800	87,600	18,865	12,000
Overhead charges.....	-	1,265,006	1,503,588	1,614,257	-
Reimbursement.....	-	-	-	272,820	-
Total revenues.....	<u>55,801,159</u>	<u>55,114,223</u>	<u>53,002,161</u>	<u>48,883,712</u>	<u>50,323,846</u>
<b>Expenditures</b>					
<b>Current</b>					
Public safety.....	30,470,529	28,838,342	27,007,098	26,575,986	25,321,873
General government.....	12,369,526	13,363,302	12,253,955	11,245,378	12,709,821
Culture and recreation.....	11,347,771	10,885,098	10,633,999	10,183,606	9,229,167
Public services.....	3,951,623	5,775,748	5,094,139	6,797,657	9,058,539
Community revitalization.....	3,194,397	3,329,075	3,180,830	3,072,027	2,975,005
Total current expenditures.....	<u>61,333,846</u>	<u>62,191,565</u>	<u>58,170,021</u>	<u>57,874,654</u>	<u>59,294,405</u>
<b>Debt service</b>					
Interest.....	1,200	1,588	465	2,128	466
Rent/Lease.....	-	-	160,286	152,747	142,603
Total debt service.....	<u>1,200</u>	<u>1,588</u>	<u>160,751</u>	<u>154,875</u>	<u>143,069</u>
Capital outlay.....	3,737,303	1,261,588	804,878	319,301	71,849
Total expenditures.....	<u>65,072,349</u>	<u>63,454,741</u>	<u>59,135,650</u>	<u>58,348,830</u>	<u>59,509,323</u>
Excess of revenues over (under) expenditures.....	<u>(9,271,190)</u>	<u>(8,340,518)</u>	<u>(6,133,489)</u>	<u>(9,465,118)</u>	<u>(9,185,477)</u>
<b>Other financing sources (uses)</b>					
Transfers from other funds.....	11,820,682	11,279,927	10,530,933	12,760,785	12,588,069
Debt issuance.....	1,080,113	-	-	-	-
Proceeds from sale of assets.....	852,988	(2,199,533)	286,429	258,676	543,867
Transfers to other funds.....	(2,227,362)	57,696	(1,464,093)	(5,466,687)	(4,559,319)
Total other financing sources (uses).....	<u>11,526,421</u>	<u>9,138,090</u>	<u>9,353,269</u>	<u>7,552,774</u>	<u>8,572,617</u>
Net changes in fund balances.....	2,255,231	797,572	3,219,780	(1,912,344)	(612,860)
Fund balance, beginning of year, as restated.....	16,953,714	16,156,142	12,936,362	14,848,706	15,390,907
Fund balance, end of year.....	<u>\$ 19,208,945</u>	<u>\$ 16,953,714</u>	<u>\$ 16,156,142</u>	<u>\$ 12,936,362</u>	<u>\$ 14,778,047</u>

(Source: Information extracted from the City's audited financial statements compiled by the Municipal Advisor.)

For a 10-year financial history of various City funds see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section” at the indicated pages as set forth below.

- (i) “Net Position by Component” (CAFR page 108);
- (ii) “Changes in Net Position” (CAFR page 109); and
- (iii) “Fund Balances of Governmental Funds” (CAFR page 111) and “Changes in Fund Balances of Governmental Funds (CAFR page 112).

### **Ad Valorem Tax Levy And Collection**

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally-assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally-assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally-assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property or any county showing reasonable cause, may, on or before the later of August 1 or a day within 90 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Taxes are due November 30 (or if November 30 fall on a Saturday, Sunday or holiday, the next business day), provided, however, that the County legislative body may extend such due date to December 30, under certain circumstances. Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “Public Hearing On Certain Tax Increases” below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax more than the certified tax rate. A resolution levying a tax more than the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

### **Public Hearing On Certain Tax Increases**

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of eligible new growth. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

### **Property Tax Matters**

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate based on its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of

multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally-assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally-assessed property”) is required to be assessed by the county assessor of the county in which such locally-assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data by using a State mandated mass appraisal system and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

*Uniform Fees.* An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age-based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age-based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is in the same proportion in which revenue collected from ad valorem real property is distributed.

### Historical Ad Valorem Tax Rates

The maximum rate of levy applicable to the City for general fund operations authorized by State law is .007000 per dollar of taxable value of taxable property within the City. *The City may levy an unlimited tax levy to pay the principal of and interest on legally issued general obligation bonds.*

	Property Tax Rate (Calendar Year)					
	Maximum Limit	2018	2017	2016	2015	2014
General Fund.....	.007000	.000812	.000857	.000914	.000964	.000976
Library .....	–	.000589	.000622	.000663	.000699	.000723
General obligation bonds .....	unlimited	.000487	.000610	.000662	.000714	.001076
Judgment recovery levy (1) ..	unlimited	.000000	.000000	.000000	.000000	.000000
Total levy .....		<u>.001888</u>	<u>.002089</u>	<u>.002239</u>	<u>.002377</u>	<u>.002775</u>

(1) A “judgment levy” is levied for collecting additional revenues. The City has the legal right to levy a “judgment levy” in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation “judgment” circumstances that the City had no control over.

(Source: Information taken from reports of the Utah State Tax Commission. Compiled by the Municipal Advisor.)



For a 10-year history of the City's property tax rates see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Information—Property Tax Rates—Direct and Overlapping Governments" (CAFR page 105).

**Comparative City Ad Valorem Tax Rates**

City (County) (1)	Total City Tax Rate (Fiscal Year)				
	2018	2017	2016	2015	2014
Salt Lake (Salt Lake) (2).....	.003977	.004286	.004557	.004862	.004893
West Valley (Salt Lake).....	.003706	.004151	.004233	.004199	.004381
Provo (Utah) (2).....	.001299	.001467	.001576	.001678	.002052
West Jordan (Salt Lake).....	.002132	.001975	.002139	.002251	.002368
Sandy (Salt Lake).....	.001144	.001229	.001321	.001426	.001413
Orem (Utah).....	.001281	.001346	.001550	.001652	.001716
Ogden (Weber).....	.003103	.003103	.003103	.003220	.003367
St. George (Washington).....	.001328	.001432	.001513	.001599	.001662
Layton (Davis).....	.001521	.001635	.001805	.001928	.001896
Taylorsville (Salt Lake).....	.001003	.001090	.001165	.001250	.001294

(1) The cities are listed by population size per 2017 Census Estimates from the U.S. Bureau of the Census.

(2) For comparison purposes, this tax rate excludes the "Library Fund" tax rate levied by the city.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

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## Comparative Ad Valorem Total Property Tax Rates Within Utah County

This table only reflects those municipal entities and property tax rates within the County, except as noted.

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Fiscal Year)				
	2018	2017	2016	2015	2014
<b>Alpine School District:</b>					
Alpine City .....	.009542	.009862	.010578	.010954	.011303
American Fork City .....	.010440	.010639	.011451	.011838	.012223
Bluffdale (2) .....	.010482	.011003	.011088	.011515	.011856
Cedar Fort Town.....	.009161	.009460	.010204	.010551	.010830
Cedar Hills City.....	.010286	.010581	.011376	.011791	.012102
Draper City (2).....	.010951	.011318	.012075	.012583	.015178
Eagle Mountain City.....	.011326	.011583	.012351	.012820	.013896
Fairfield Town .....	.009320	.009579	.010179	.010370	.010468
Highland City .....	.009690	.009985	.010684	.011044	.011744
Lehi City.....	.010050	.010397	.011206	.011577	.011875
Lindon City.....	.009755	.010008	.010820	.011217	.011542
City of Orem.....	.009655	.009913	.010750	.011139	.011419
Pleasant Grove City .....	.010247	.010586	.010965	.011351	.011689
Provo City (3).....	.010232	.010625	.011406	.011829	.012442
Saratoga Springs City .....	.010094	.010379	.011184	.011559	.011925
Vineyard Town .....	.012320	.012572	.012636	.012354	.012508
Unincorporated Areas (4) .....	.010572	.010896	.011825	.012144	.012429
<b>Provo City School District:</b>					
Provo City.....	.010775	.010785	.011571	.011220	.010982
City of Orem (3) .....	.010198	.010073	.010915	.010530	.009959
<b>Nebo School District:</b>					
Elk Ridge City .....	.012244	.012616	.012927	.013406	.013114
Genola Town .....	.011448	.011712	.011649	.011550	.011726
Goshen Town.....	.011040	.011345	.011546	.011456	.011639
Mapleton City .....	.012926	.013396	.013476	.013330	.013806
Payson City.....	.011683	.011947	.012026	.011881	.012022
Provo City (3).....	.012291	.012756	.012986	.012978	.013529
Salem City .....	.012060	.012450	.012609	.012607	.012814
Santaquin City .....	.012047	.012401	.012656	.012676	.012930
Spanish Fork City .....	.011687	.011979	.012149	.012092	.012316
Springville City.....	.012646	.013111	.013380	.012897	.013247
Woodland Hills City .....	.014740	.015280	.015586	.015863	.016016
Unincorporated Areas (4) .....	.014961	.015392	.015820	.015759	.016374

(1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.

(2) A portion of the city is also located in Salt Lake County.

(3) A small portion of the city lies within Alpine School District and Nebo School District.

(4) These tax rates represent a taxing district within the unincorporated municipalities within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Information taken from reports of the Utah State Tax Commission. Compiled by the Municipal Advisor.)

For a 10-year history of the City's property tax rates see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Information—Property Tax Rates—Direct and Overlapping Governments" (CAFR page 115).

## Taxable, Fair Market And Market Value Of Property

Calendar Year	Taxable Value (2)	% Change Over Prior Year	Fair Market/Market Value (3)	% Change Over Prior Year
2018 (1)	\$ 6,367,867,764	7.7	\$ 9,455,037,415	7.5
2017	5,913,696,749	9.0	8,791,726,832	9.2
2016	5,424,690,307	5.7	8,050,017,241	6.4
2015	5,132,860,196	7.1	7,565,097,504	7.2
2014	4,793,440,393	8.2	7,054,002,463	8.8

(1) Preliminary; subject to change. Fair Market/Market Value calculated by Zions Public Finance, Inc.

(2) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation for Calendar Year 2018 was approximately \$48.3 million; for Calendar Year 2017 was approximately \$292.2 million; for Calendar Year 2016 was approximately \$236.4 million; for Calendar Year 2015 was approximately \$255.5 million; and for Calendar Year 2014 was approximately \$237.6 million.

(3) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. Does not include market valuation for SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by Zions Public Finance, Inc.)

## Historical Summaries Of Taxable Values Of Property

	Calendar Year					
	2018		2017	2016	2015	2014
	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission						
<i>(centrally assessed)</i>						
Total centrally assessed.....	\$ 149,067,704	2.3 %	\$ 122,361,799	\$ 108,327,688	\$ 101,085,859	\$ 82,966,058
Set by County Assessor						
<i>(locally assessed)</i>						
Real property (land and buildings)						
Primary residential.....	3,768,465,553	59.2	3,512,850,526	3,204,058,986	2,968,062,999	2,758,252,954
Secondary residential.....	14,500,000	0.2	13,962,700	12,916,380	11,014,683	9,624,916
Commercial and industrial.....	1,875,000,000	29.4	1,726,482,220	1,606,790,048	1,561,406,108	1,483,182,261
FAA (greenbelt).....	1,800,000	0.0	1,737,813	1,416,610	760,958	803,428
Unimproved non FAA (vacant)....	200,000,000	3.1	177,288,784	148,562,658	140,839,738	130,421,354
Agricultural.....	2,000,000	0.0	1,978,400	1,921,300	1,837,000	1,322,782
Total real property.....	<u>5,861,765,553</u>	<u>92.1</u>	<u>5,434,300,443</u>	<u>4,975,665,982</u>	<u>4,683,921,486</u>	<u>4,383,607,695</u>
Personal property						
Primary mobile homes.....	4,741,798	0.1	4,741,798	4,673,933	4,671,489	4,656,243
Secondary mobile homes.....	0	0.0	0	0	0	0
Other business.....	352,292,709	5.5	352,292,709	336,022,704	343,181,362	322,210,397
SCME.....	0	0.0	0	0	0	0
Total personal property.....	<u>357,034,507</u>	<u>5.6</u>	<u>357,034,507</u>	<u>340,696,637</u>	<u>347,852,851</u>	<u>326,866,640</u>
Total locally assessed.....	<u>6,218,800,060</u>	<u>97.7</u>	<u>5,791,334,950</u>	<u>5,316,362,619</u>	<u>5,031,774,337</u>	<u>4,710,474,335</u>
Total taxable value.....	<u>\$ 6,367,867,764</u>	<u>100.0 %</u>	<u>\$ 5,913,696,749</u>	<u>\$ 5,424,690,307</u>	<u>\$ 5,132,860,196</u>	<u>\$ 4,793,440,393</u>
Total taxable value (1).....	<u>\$ 6,367,867,764</u>		<u>\$ 5,913,696,749</u>	<u>\$ 5,424,690,307</u>	<u>\$ 5,132,860,196</u>	<u>\$ 4,793,440,393</u>

\* Preliminary; subject to change.

(1) Not including taxable valuation associated with SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by Zions Public Finance, Inc.)

For a 10–year history of the City’s assessed values and estimated actual values see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section–Assessed Value and Estimated Actual Value of Taxable Property Last Ten Years” (CAFR page 114).

### Tax Collection Record

The presentation of the tax collection record includes the following City funds: General, Bond Debt Service and Library (all the City’s funds collecting property tax revenues). Ad valorem property taxes are due on November 30<sup>th</sup> of each year (tax collections for Calendar Year (or Tax Year) 2018 are not available).

Tax Year End 12/31	(1) Total Taxes Levied	(2) Treasurer’s Relief	Net Taxes Assessed	Current Collections	(2) Deliq., Personal Property and Miscellaneous Collections	(4) Total Collections	% of Current Collections to Net Taxes Assessed	% of Total Collections to Net Taxes Assessed
2017	\$12,407,268	\$40,633	\$12,366,635	\$11,555,097	\$981,243	\$12,536,340	93.4%	101.4%
2016	12,192,898	39,673	12,153,225	11,465,356	798,647	12,264,003	94.3	100.9
2015	12,339,190	38,137	12,301,053	11,384,039	866,011	12,250,050	92.5	99.6
2014	13,360,960	51,610	13,309,350	12,582,968	907,144	13,490,112	94.5	107.2
2013	12,497,614	37,804	12,459,810	11,631,022	949,547	12,580,569	93.3	101.0

(1) Excludes redevelopment agencies valuation.

(2) Treasurer’s Relief includes abatements established by statute to low–income, elderly and for hardship situations. These Treasurer’s Relief items are levied against the property, but are never collected and paid to the entity.

(3) Delinquent Collections include interest, sales of real and personal property, and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the City also collected Uniform Fees (fees–in–lieu payments) for the funds as indicated in the preceding paragraph, for tax year 2017 of \$791,862; for tax year 2016 of \$815,697; for tax year 2015 of \$934,744; for tax year 2014 of \$935,005; and for tax year 2013 of \$914,625; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(Source: Information taken from tax collection reports of the Utah State Tax Commission for the indicated years, compiled by the Municipal Advisor.)

For a 10–year history of the City’s presentation of property tax levies and collections see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018–Statistical Section–Property Tax Levies and Collections Last Ten Calendar Years” (CAFR page 117).

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## Some Of The Largest Taxpayers

The information presented below is for the City’s Fiscal Year 2019 (Calendar Year 2018).

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2018 Taxable Value (1)</u>	<u>% of the City’s Pre. 2018 Tax Value</u>
SIR Properties Trust.....	Buildings/real estate	\$ 85,060,900	1.3%
NuSkin International.....	Buildings/manufacturing	72,000,000	1.1
B+F Timpanogos Tech Center LLC .....	Buildings/real estate	65,771,101	1.0
Central Utah Investment Company.....	Buildings/real estate	44,216,200	0.7
Peak Joaquin Holdings LLC .....	Buildings/real estate	43,034,200	0.7
Union Pacific Railroad Co. ....	Railroad	35,661,380	0.6
Google Fiber .....	Communications	34,649,873	0.5
HRA Branbury Park LLC .....	Buildings/real estate	34,542,800	0.5
IHC Hospitals Inc. ....	Health services	31,616,740	0.5
Timpanogos Land Holdings LLC .....	Buildings/real estate	<u>31,186,500</u>	0.5
Totals.....		<u>\$477,739,694</u>	7.5%

(1) Taxable Value used in this table *excludes* the taxable value used to determine Uniform Fees on tangible personal property. See “Taxable, Fair Market And Market Value Of Property” above.

(Source: Reports from the Utah County Auditor, compiled by the Municipal Advisor.)

For a list of the City’s largest property tax payers for Fiscal Year 2018 and Fiscal Year 2009 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Principal Property Taxpayers” (CAFR page 116).

## Sales And Use Taxes; Franchise Taxes

*Sales and Use Taxes.* The State currently imposes a statewide tax of 4.70% on the sale or use of tangible personal property (“Property”) and on the sale or use of certain taxable services. For residential energy use, the State currently imposes a tax rate of 2.7%. The State also imposes a state-wide 0.32% State Transient Room Tax. Sales tax is imposed on the amount paid or charged for sales of Property in the state and for services rendered in the state for the repair, renovation or installation of Property. Use tax is imposed on the amount paid or charged for the use, storage or other consumption of Property in the state, including services for the repair, renovation or installation of such Property. Sales and use taxes also apply to leases and rentals of Property if the Property is in the state, the lessee takes possession in the state or the property is stored, used or otherwise consumed in the state.

In addition to the state sales and use tax, counties, cities and towns have the authority to impose a local sales and use tax of up to 1% of the purchase price of goods or services. The City has adopted a tax ordinance imposing local sales and use taxes of 1% upon all retail sales within its borders (“Local Sales and Use Taxes”). Local Sales and Use Taxes are collected by the State Tax Commission and distributed monthly to each city. The distributions are based on a formula that, in general, provides (i) 50% of each dollar of Local Sales and Use Taxes collections will be distributed to the city in which the tax was collected and (ii) 50% of each dollar of sales and use taxes collections will be distributed proportionately among all counties imposing the tax, based on the total population of each city. The minimum Local Sales and Use Taxes a city may receive is a tax revenue distribution not less than ¾ of 1% of the taxable sales within its boundaries.

In addition to the sales and use taxes described above, the City imposes: (i) a 0.10% botanical, cultural, zoo tax; (ii) a 1% municipal transient room tax; and (iii) a 0.50% additional municipal transient room tax.

The County imposes sales and use taxes county-wide and includes: (i) a 0.25% county option tax; (ii) a 0.25% mass transit tax; (iii) a 0.30% mass transit fixed guideway tax; (iv) a 0.25% county airport, highway, public transit tax; (v) a 4.25% transient room tax; (vi) a combined 9.5% tourism-short term leasing tax; (vii) a 1% tourism-restaurant tax; and (viii) a \$1.32 monthly per line county telecommunications (consisting of \$0.71 E911 emergency; \$0.09 unified state-wide 911; and \$0.52 radio network) tax.

*Utility Franchise Taxes and Fees; Telecommunications.* Under State law, municipalities have the authority to impose a tax, license, fee, license fee, license tax, energy sales and use tax or similar charge at a rate not exceeding 6% of gross revenues of public utilities collected within the boundaries of the municipality (or, in the case of gas and electric service providers, not exceeding 6% of the “delivered value” of “taxable energy”). Utilities upon which these taxes and fees may be levied include telephone, natural gas, electric energy service companies and city public utilities. Utility franchise taxes and fees are collected by the utility and remitted monthly to the local government. Energy sales and use taxes are, in certain circumstances, remitted by the energy service provider to the State Tax Commission and then to the municipality. Currently, the City levies a 6.00% municipal energy tax.

The City also levies a 3.5% municipal telecommunications license tax.

## LEGAL MATTERS

### **Absence Of Litigation Concerning The 2019 Bonds; Pending Litigation**

The Assistant City Attorney, Camille Williams, has officially advised that, to her knowledge, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the 2019 Bonds or the levy or collection of taxes for the payment of the 2019 Bonds.

For a general discussion of litigation involving the City see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note 10. Contingent Liabilities” (CAFR page 61).

### **General**

Certain legal matters incident to the authorization, issuance and sale of the 2019 Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Bond Counsel to the City. Certain legal matters will be passed upon for the City by the Assistant City Attorney, Camille Williams. The approving opinion of Bond Counsel will be delivered with the 2019 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

The employment of Bond Counsel is limited to the review of the transcripts of legal proceedings authorizing the issuance of the 2019 Bonds and to the issuance of the legal opinion, in conventional form, relating solely to the validity of the 2019 Bonds pursuant to such authority and the excludability of interest on the 2019 Bonds for income tax purposes as described below. Except for said legal matters, which will be specifically covered in its opinion, Bond Counsel has assumed no responsibility for the accuracy or completeness of any information furnished to any person in connection with or any offer or sale of the 2019 Bonds in the OFFICIAL STATEMENT or otherwise.

The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **TAX MATTERS**

### **Federal Tax Exemption**

Federal tax law contains a number of requirements and restrictions which apply to the 2019 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2019 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2019 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2019 Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2019 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under Internal Revenue Code of 1986, as amended (the "Code").

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2019 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the 2019 Bonds is the price at which a substantial amount of such maturity of the 2019 Bonds is first sold to the public (excluding bond houses and brokers and similar person or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the 2019 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the 2019 Bonds is less than the amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the 2019 Bonds (the "OID Bonds") and the amount payable at maturity is original issue discount. For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the

alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2019 Bonds who dispose of 2019 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2019 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2019 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2019 Bond is purchased at any time for a price that is less than the 2019 Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2019 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2019 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2019 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2019 Bonds.

An investor may purchase a 2019 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2019 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2019 Bond. Investors who purchase a 2019 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2019 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2019 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2019 Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2019 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2019 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2019 Bond owner who fails to provide an accurate



Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2019 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

## **State**

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2019 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2019 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

## **MISCELLANEOUS**

### **Bond Ratings**

As of the date of this OFFICIAL STATEMENT, the 2019 Bonds have been rated “\_\_\_” (applied for) by Moody’s and “AA+” by S&P. An explanation of these ratings may be obtained from Moody’s and S&P. The City did not apply to Fitch for a rating on the 2019 Bonds.

Such ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2019 Bonds. Such ratings reflect only the views of Moody’s and S&P, and any desired explanation of the significance of such ratings should be obtained from the rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the ratings given the outstanding 2019 Bonds will continue for any given period or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019 Bonds.

### **Municipal Advisor**

The City has entered an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2019 Bonds, timing of sale, taxable and tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

### **Independent Auditors**

The basic financial statements and required supplementary information of the City as of June 30, 2018 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Hansen, Bradshaw, Malmrose & Erickson, Certified Public Accountants, Bountiful, Utah (“Hansen Bradshaw”), as stated in their report in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL

REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018” (CAFR page 17). Hansen Bradshaw has not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2018 CAFR, any procedures on the financial statements addressed in the Fiscal Year 2018 CAFR.

Hansen Bradshaw has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

### **Additional Information**

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

*This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.*

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the City.

**Provo City, Utah**

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## APPENDIX A

### COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PROVO CITY, UTAH FOR FISCAL YEAR 2018

The CAFR for Fiscal Year 2018 is contained herein. Copies of current and prior financial reports are available upon request from the City's contact person as indicated under "INTRODUCTION—Contact Persons" above.

*The City's CAFR for Fiscal Year 2019 must be completed under State law by December 31, 2019.*

#### **Government Finance Officers Association; Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada ("GFOA") have awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the 27<sup>th</sup> consecutive year, beginning with Fiscal Year 1991 through Fiscal Year 2017.

*The City has submitted its Fiscal Year 2018 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The City believes that its Fiscal Year 2018 CAFR continues to meet the Certificate of Achievement program requirements.*

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

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# **Comprehensive Annual Financial Report**

For the Year Ending June 30, 2018

City of Provo, Utah







# Comprehensive Annual Financial Report

City of Provo, Utah

For the Fiscal year Ended June 30, 2018

Prepared by the Provo City Finance Division





**PROVO CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2018**

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ADMINISTRATIVE  
SERVICES  
TEL 801 852 6504  
351 W CENTER ST  
PO BOX 1849  
PROVO, UT 84603

## LETTER OF TRANSMITTAL

November 27, 2018

To the Honorable Mayor, members of the Municipal Council, and the Citizens of the City of Provo:

State law and local ordinance require that all general-purpose 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) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In conformance with that requirement, we issue the Comprehensive Annual Financial Report (CAFR) of the City of Provo for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City of Provo. Management assumes full responsibility for the completeness and reliability of all information presented in this report. In order to provide a reasonable basis for making these representations, management of the City of Provo has established an internal control framework designed to ensure the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to the appropriate programs. This internal control structure is subject to periodic evaluation by management.

Hansen, Bradshaw, Malmrose & Erickson, P.C., a firm of licensed certified public accountants selected by the Municipal Council, has audited the City of Provo's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Provo for the fiscal year ended June 30, 2018, represent an accurate portrayal of the City's financial position in all material respects. 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. Hansen, Bradshaw, Malmrose & Erickson, P.C. concluded, based upon the audit, that there is reasonable basis for rendering an unmodified opinion that the City of Provo's financial statements for the fiscal year ended June 30, 2018, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the City of Provo's financial statements was part of a broader, federally mandated Single Audit Act of 2004 and the U.S. Office of Management and Budget's Circular A-133, Audits of State and Local Governments. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' report on internal controls and compliance with applicable laws and regulations, and a schedule of findings, are available in the City of Provo's separately issued Single Audit Report.

The CAFR is presented in three sections: introductory, financial and statistical.

### PROFILE OF THE GOVERNMENT

The City of Provo, incorporated in 1851, is located in a metropolitan area that has a dynamic and diverse economy. The government is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Provo currently operates under the mayor-council form of government. Legislative authority is vested in the Municipal Council, which consists of seven members. The legislative branch is responsible, among other things, for passing ordinances, adopting the budget, and giving advice and consent to the appointment of committee members. The Mayor is responsible for establishing and implementing City policies, carrying out the ordinances of the Municipal Council, and overseeing the day-to-day operations of the government. The Council and Mayor are elected on a nonpartisan basis. Five of the Council members are elected from within their respective districts. The Mayor and the two remaining members are elected at large. All elected officials serve staggered four-year terms with four, then three, Council members elected every two years.

The City of Provo provides a full range of services that include public safety, streets, recreational and cultural events, community development and general administrative services. The City of Provo also operates energy, water, waste water, sanitation, and storm drain utilities. A general aviation airport and municipal golf course are also part of the City of Provo. Component units are legally separate entities for which the nature and significance of their relationship with the City of Provo are such that exclusion would cause the financial statements to be misleading or incomplete. Blended component units are included as part of the primary government. Accordingly, Provo City Redevelopment Agency is reported as a special revenue fund and the Provo City Storm Water Service District as an enterprise fund.

The City of Provo maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Provo Municipal Council. For the 2018 fiscal year, activities of the general fund, special revenue funds, debt service funds, and capital project funds are included in the annual appropriated budget.

The level of budgetary control, i.e., the level where expenditures cannot legally exceed the appropriated amount, is maintained at the departmental level for the General Fund and at the fund level for all other funds. The City of Provo also maintains an encumbrance accounting system as one method of maintaining budgetary control. Outstanding encumbrances at year-end are evaluated and, if deemed necessary by the City of Provo's management, are carried forward as part of the following year's budget.

As demonstrated by the statements included in the financial section of the report, the City of Provo continues to meet its responsibility for sound financial management.

The Management's Discussion and Analysis (MD&A) section of this report offers a more detailed discussion about the economic condition of the City, fund balance analysis and other management goals and achievements.

## ECONOMIC CONDITION

The City has a diverse manufacturing and industrial base. Major industries include retail business, light manufacturing, software development, and a university community. This diversity stabilizes the unemployment rate and offers a broad range of employment opportunities.

The local economy continues to recover from the great recession and continues to outperform the national economy. The local (Provo-Orem) unemployment rate was 2.8% and the national average was 4.1% at the end of the year. The City's total tax revenue of \$44.0M increased by \$716K or by 1.7 percent over the prior year. Property taxes of \$12.4M decreased by \$738K or by 5.6 percent below the prior year. The reason for the decrease resulted from reclassifying tax increment revenue of \$1.1M to intergovernmental revenue. Franchise taxes of \$10.0M increased by \$352K or by 3.7 percent over the prior year. Sales tax revenue of \$19M increased by \$1.1M or 5.9 percent versus the prior fiscal year. The City is cautious, but optimistic, that sales tax revenues will continue to improve as the economy improves during the next fiscal year. The City sales tax revenues received during the first two months of fiscal year 2019 are consistent with the current trends.

The City is closely monitoring the current economic environment. As the City plans for the future, we are being very cautious to align the commitment of City resources with the anticipated revenues for the City. Other major revenue sources, such as property tax and franchise taxes, showed moderate increases in comparison to previous years. The City enterprise funds reflected an increase in sales and expenses due to growth, a water rate increase, weather conditions, and overall increased demand as reflected in the overall economy.

The governmental funds revenues for fiscal year ending June 30, 2018 are \$84.2M. Tax revenue made up 52.3 percent of the total governmental funds revenue. Tax revenue consists of property, vehicle, sales, RAP, franchise and other taxes. Operating grant revenue accounts for an additional 21.0 percent of the total. The remaining 26.7 percent is composed of charges for services, licenses and permits, fines and forfeitures, investment earnings, loan repayments/write-offs, lease income, capital grants and miscellaneous revenues.

While striving to control expenditures, the City is committed to maintaining infrastructure and delivering services at sufficient levels. The City will also continue to work on a variety of economic development projects with the intent of creating jobs and stimulating the economic growth and stability of the City.

## LONG-TERM FINANCIAL PLANNING

The City maintains a 5-Year Capital Project/Budget Plan. This plan is updated each year and allows the City to make projections into the future regarding the infrastructure and other long-term capital projects that need to be initiated or completed. This plan helps to prioritize projects, estimate costs, and determine the most advantageous way to fund projects.

The City continues to refine a ten-year budget that examines all revenues and expenses. The focus is to establish a sustainable budget and place more attention on the long-term impact of decisions.

## MAJOR INITIATIVES

Economic development in Provo focuses on increasing the prosperity of residents and businesses. This is accomplished by creating an environment where business can thrive and grow at sustainable rates. Three major components to increased prosperity are: facilitate job creation, encourage capital investment to increase the property tax revenue base and seek out new retail products and service offerings.

The City is in the process of implementing a city-wide software system. The project has been named Provo 360. The goal of the new system is to provide our residents, businesses, students and our visitors with a 360 degree view of their business with the city at any time, from anywhere and from any device. The system will enhance customer experience, improve efficiency, increase transparency, empower stewardship and promote innovation. The Finance Division went live on its application of Provo 360 on June 26, 2018 and Community Development applications when live during fiscal 2018. The Human Resources Division is scheduled to go live in the fourth quarter of fiscal 2019. The implementation of Phase II (Customer Service and Work Order Management) started on October 1, 2018 and is expected to go live in fiscal 2020.

## SIGNIFICANT EVENTS

### COMMUNITY DEVELOPMENT

- Went live with Provo 360 with little disruption to project reviews or customer service
- Completed 375 surface parking lot to provide a consolidated location for Utah County Convention Center parking obligations
- Acquired property for the future expansion of the power substation on 900 East and Westside Sewer Outfall Project

### CULINARY WATER

- Six Million Gallon Columbia Lane Water Storage Reservoir completed and in production and servicing the West Side
- Four Million Gallon Slate Canyon Water Storage Reservoir completed and in production and servicing the West Side
- Westside Lift Station Pump Improvement Design Completed and Ready to Bid
- 4800 North Culinary Water Well Design Completed and Bid
- Wastewater Reclamation Plant Master Plan Study
- Wastewater Treatment Plant Siting Study
- 3,667 AMI Meters Installed

## CUSTOMER SERVICE 3-1-1

- Decision to offer Passports as a service from Provo's Customer Service Division was made and the Passport service has been set up and ready for go-live before the end of the year.
- Transferred parking ticket service from the Courts to Customer Service in January. This transfer has provided a convenient service location and additional staffing to assist the public in a more efficient manner.

## ECONOMIC DEVELOPMENT

### Airport

- Duncan Aviation's project of \$73 million, 350,000 square foot building creating approximately 450 new jobs at the Provo Airport is now under construction. Completion is set for Q2 of 2019.
- The EDA grant for the large concrete pad for Duncan Aviation is substantially complete. This represents an investment of almost \$7 million, half of which was paid for by the Economic Development Administration in the Department of Commerce and the other half being paid for by bonds through tax increment financing from taxes to be paid by Duncan Aviation.

### Downtown

- The Utah Valley Express, the Bus Rapid Transit System, began service on August 13, 2018. Staff worked with the construction team to minimize construction related impacts to businesses along the route corridor. Full completion is set for 2019.
- Hyatt Place Hotel opened on August 21, 2018 on the corner of 100 N and Freedom Blvd.
- Diversification of downtown continues as new shops are coming in, providing new products and services for consumers. Long-time vacant property at 273 West Center Street is now under remodel for new retail opportunities.

### East Bay Golf Course

- The Real Estate Purchase Agreement was signed between Provo City and the medical school developer to pave the way for the Noorda School of Osteopathic Medicine. The Reimbursement Agreement has also been signed, which puts in motion the design and eventual construction of the three new holes on the southeast corner of the property, formerly known as the Kuhni property. The Developer has closed on the Nature's Sunshine parcel.

### Retail

- Provo Towne Centre Mall received approval and constructed a new 80' freestanding digital sign. Brixton Capital continues to market the Sears box and plans to move forward with the repurposing to an office use.
- Target Express, the new smaller Target marketplace concept, opened its doors in November 2018, backfilling the Big Lots space at Riverside Plaza.

### Workforce Development

- The Mountain Vista Business Park is the largest single-owner parcel of land in Provo and will be home to a mixed-use development of light industrial, retail, and office uses. There are now seven tenants in the park, with two new buildings under construction or in the entitle process. One of these building will be the home of Vanderhall Motorworks and will construct a facility with one million square feet for automobile assembly. This represents a significant capital investment along with several hundred future jobs.
- The staff is also very close to selling the last large parcel of ground, 65 acres, to a local entrepreneur who has plans for five additional buildings for numerous business projects.
- Vanderhall Motors began construction on its Phase 1 out of 7 of a one million square foot facility, manufacturing the three-wheeled roadster.
- Staff applied for and was awarded a \$1.8 million EDA grant to help offset construction costs of a new road and associated utilities at Mountain Vista Business Park. This road will connect the roundabout to 1400 North in Springville.

## ENERGY

- Completed the Power Plant and associated agreements with BYU.
- Power Plant Substation Completed, including 46kV and 12 kV feeders.
- AMI Project Completed – All 37,000 meters were replaced with Automated Metering
- The department gave away 430 shade trees to residents at our annual Trees for Energy Conservation event. The forestry division also provided education on tree planting and general tree health.

- Completed interconnection agreements with Olmsted and BYU. These are the first two large distributed generation projects allowed to interconnect with Provo City supplying over 25 MW of clean energy.

## ENGINEERING

- The 2017 Road Rehab Project included a significant effort in street maintenance and concrete improvements in many areas of the City. This project was funded with B&C Road funds and the Utility Transportation Fund. The project included overlays and surface treatments on the following major streets:
- Stadium Avenue Reconstruction – Stadium Avenue reconstruction was completed in the fall of 2017 with some minor work continuing into the spring of 2018. This project included the installation of water, sewer, storm drain and a private irrigation line for BYU in addition to complete reconstruction of the street.
- Lakeview Parkway & Trail Project Phase 1 - Phase 1 of the project is from Mike Jense Parkway to Center Street. Construction on Phase 1 began in the spring of 2018 and is anticipated to be completed in the fall of 2019. In addition to the road improvements, a new gravity flow sewer main is being installed through this project to serve future needs for the north and west parts of the city. When completed, the street will have two travel lanes in each direction, a center median and a ten foot bicycle and pedestrian pathway along the west side of the street.
- Lakeview Parkway & Trail Project Phase 2 - Phase 2 of the project is from 620 North to 1280 North. Construction on Phase 2 began in the fall of 2017 and is anticipated to be completed August 2018. This section of Lakeview Parkway is being completed to provide alternative access to the new Provo High School. This project is constructing one travel lane in each direction and a six foot sidewalk along the east side of Lakeview Parkway for improved pedestrian access.
- Provo Orem Transportation Improvement Project (BRT) – This project is being completed in a cooperative effort with the Utah Transit Authority (UTA), The Utah Department of Transportation (UDOT), Provo City and Orem City. This project will construct a new transit facility to provide increased accessibility to the UTA Frontrunner rail service from the Orem Intermodal Center to the Provo Intermodal Center. The project will provide improved transit service to major destinations along the route including Utah Valley University, the Orem Mall, Brigham Young University, Downtown Provo, the Towne Center Mall and East Bay Business Center. The project will operate in dedicated lanes as well as mixed traffic for portions of the route. Construction for the project is nearing completion service will begin in August 2018.
- 700 East/820 Sidewalk Upgrade Project – The project included the removal and replacement of curb, gutter and sidewalk from 700 North to 820 North on 700 East and from 700 East to 800 East on 820 North. The old irrigation style curb and gutter was replaced with standard curb and gutter to improve pedestrian and vehicle safety along this corridor. This area also experiences high volumes of pedestrian traffic and the old sidewalk was removed and brought up to current city standards

## PARKS AND RECREATION

### Covey Center for the Arts

- Held the 10 year Anniversary Gala
- Upgrades to the lighting and sound systems, and the box office computer system

### Cemetery

- Completed the expansion and started selling properties
- Upgraded the 90's irrigation control system to the new WeatherTRAK system. This consisted of: installing 2,500 feet of conduit, 32,500 feet of irrigation wire, 400 feet of power cable, two new controllers which consolidated the controllers from five to two, eliminated one electrical meter, organized and mapped the new irrigation control, and programmed and completed all data entry into the new system.

### Parks Projects

- Awarded a \$100,000 grant from the Governor's Office of Economic Development for the implementation of the Rock Canyon Trailhead Master Plan
- Awarded a \$300,000 Community Development Block Grant for the Unlimited Play Center at North Park



## Parks Operations

- KOA Camp Property – This property was prepared to become a major element of the Provo River Trail. Demolition was completed of the store, office, restroom, RV hookups, drains, concrete pads, driveways, and roads. Over 50 trees were removed. A new sewer line was installed, along with a main irrigation line.
- Replaced the roof on the pavilion and restroom at Bicentennial Park
- Completion of Franklin Park and the first year of youth sports play at that facility

## Recreation Center

- Successfully launched the Triple Play access for all Recreation Center Members, allowing access to the Peaks Ice Arena, East Bay Golf Course, and expanded services and amenities at the Recreation Center
- Reached \$4.9 million revenue; sixth straight fiscal year of increased revenue w/o changes to membership or admission price structure
- Surpassed 2 million annual visitors

## Peaks Ice Arena

- Created a partnership with the national hockey tournament league MYHockeyTournament, based out of Chicago
- Were published in USA Figure Skating Magazine for the Learn to Skate Program. We are first in the state, ninth in the region, and thirtieth in the country.

## East Bay Golf Course

- The Golf Course joined the all new Triple Play access, increasing rounds, revenue and introducing hundreds of members to the game of golf. 2017-2018 saw the highest use numbers at the golf course in recent history despite the ongoing medical school conversation. In 2018, the golf course will be a self-sustaining facility.

## FIRE

- Worked closely with Fleet Services and Finance to make significant progress in replacing our apparatus and create a future fleet replacement schedule. We received one new fire engine and one new 105' aerial truck. In addition, we ordered an additional fire engine and one aerial truck, to be delivered in this fiscal year. These purchases have completed the renewal of all primary response fire apparatus. We are also awaiting a new wildland fire engine ordered in FY2018. This engine was purchased with revenue received from Provo Fire participation in wildland firefighting throughout the western United States.
- Began the fire station 2 (Canyon Rd.) replacement process. We hired an architect to develop a lot plan, space allocation study, architectural design and engineers estimate of project costs. Should the bond pass, we are ready to move forward with construction drawings and construction.

## LIBRARY

- Re-carpeted approx. 60,000 sf of the library.
- Completed and opened the new Basement Creative Lab.
- Presented five different exhibits in the Attic with 18,000 attending.
- Doubled our On-Demand programming in Adult and Teen Services.

## POLICE

- Part 1 crimes (crimes reported to the FBI including homicide, rape, robbery, assault, burglary, theft, and arson) have seen a decrease for the last five years. 2013 (3,516) 2014 (3,319), 2015 (3,026), 2016 (3263), and 2017 (2460).
- In 2017, there were 2853 traffic accidents reported in Provo. In an effort to decrease the number of accidents and mitigate the negative effects of these accidents, our patrol division along with traffic team have focused our traffic citations efforts on area “hot spots” where accidents are the most common. This has helped decrease these from 3149 the previous year.

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Provo City Corporation for its CAFR for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award and recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with contents conforming to program standards. As such, the CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last several years. We believe our current report continues to meet the Certificate of Achievement program requirements, and is being submitted to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the City of Provo, Division of Finance. I would like to express my appreciation to my staff and other personnel from various departments, agencies, and authorities who assisted in its preparation.

Also, I would like to thank the Mayor and the Municipal Council for their interest and support in planning and conducting the financial operations of the City of Provo in a dedicated and responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Borget', is enclosed within a thin black rectangular border. The signature is stylized and slanted.

John D. Borget  
Director of Administrative Services



Government Finance Officers Association

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

Presented to

**Provo City Corporation  
Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# Provo City Organizational Chart



# Elected and Staff Positions

## Council Members



*(Left to right) Dave Harding (Vice-chair), Kay Van Buren, George Handley, George Stewart, Dave Knecht, Gary Winterton (Chair), Dave Sewell*

District 1: Gary Winterton  
(Chair)  
Present Term: 2016-2020

District 2: George Handley  
Present Term: 2018-2022

District 3: David Knecht  
Present Term: 2016-2020

District 4: Kay Van Buren  
Present Term: 2016-2020

District 5: Dave Harding (Vice-chair)  
Present Term: 2018-2022

Citywide District I: Dave Sewell  
Present Term: 2018-2022

Citywide District II: George Stewart  
Present Term: 2016-2020

Cliff Strachan (Executive Director)

## City Administration

Mayor: Michelle Kaufusi

Chief Administrative Officer: Wayne Parker

Chief Deputy Mayor's Office: Isaac Paxman

Chief Deputy Economic Development: Dixon Holmes

City Attorney: Robert West

Police Chief: Rich Ferguson

Fire Chief: James Miguel

Parks and Recreation: Scott Henderson

Library Services: Gene Nelson

Energy: Travis Ball

Community Development: Gary McGinn

Redevelopment: David Walter

Public Works: David Decker

Administrative Services: John Borget



*Mayor Michelle Kaufusi  
Present Term: 2018-2022*

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South  
Bountiful, Utah 84010  
801-296-0200  
Fax 801-296-1218

E. Lynn Hansen, CPA  
Clarke R. Bradshaw, CPA  
Gary E. Malmrose, CPA  
Edwin L. Erickson, CPA  
Michael L. Smith, CPA  
Jason L. Tanner, CPA  
Robert D. Wood, CPA  
Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA

Jeffrey B. Miles, CPA  
Donald M. Jack, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council  
Provo City Corporation

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Provo City Corporation (the City), as of and for the year ended June 30, 2018, 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***

The City's 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.

### ***Auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Provo City Corporation, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19-25 and pension schedules on pages 83-86 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.

*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 combining and individual nonmajor fund financial statements, budgetary comparison information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is 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 in 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 November 26, 2018 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.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

November 26, 2018

# MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Provo City Corporation (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018. The Management’s Discussion and Analysis (MD&A) is designed to provide an overview of the City’s financial activity. It is also intended to assist the reader in focusing on significant financial issues including identifying changes in the City’s financial position (its ability to address the next and subsequent years’ challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. Please read the MD&A in conjunction with the Transmittal Letter and the City’s financial statements.

## HIGHLIGHTS

### Financial Highlights

The City’s net position increased by \$25,678,731. The governmental net position increased by \$5,553,892 and the business-type net position increased by \$20,124,839.

At the close of the current fiscal year, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$628,294,933. Of this amount; \$111,086,514 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City’s governmental funds (reflected on a current financial resource basis) reported combined ending fund balances of \$69,952,362, an increase of \$5,527,180 in comparison with the prior year. The increase is the result of higher fund balances in the General Fund and Other Governmental Funds. The General Fund increased as a result of increases in cash. Other Governmental Funds increased as a result of increases in cash and loans receivable.

The General Fund (the primary operating fund), also reflected on a current financial resource basis, reported an increase of \$2,255,231 in fund balance. This change is primarily due to an increase in tax revenues.

At the end of the current fiscal year, assigned and unassigned fund balance for the general fund was \$16,202,416 (or approx. 23.96 percent) of 2018 general fund revenues and transfers.

## USING THIS ANNUAL REPORT

The financial statements focus on both the City as a whole in the government-wide statements, and on the major individual funds in the fund financial statements. (An explanation of major and nonmajor funds can be found in the Note 1 of the financial statements of this report). Both perspectives allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City’s accountability.

### Government-Wide Financial Statements

There are two basic statements in the *government-wide financial statements*: the *statement of net position* and the *statement of activities*. These statements report information about the City as a whole using accounting methods similar to the full accrual method used by private sector companies. These statements also provide both long-term and short-term information about the overall financial status of the City.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City. The difference between the two is 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.

The *statement of activities* presents information showing how the net position of the government changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. These changes are presented separately for each of the government’s functional activities, (e.g., general government, public safety, and public works).



The government-wide financial statements are divided into two categories: *governmental activities* and *business-type activities*. Most of the basic services of the City are included in the *governmental activities*. This category includes services such as the police, fire, streets, parks divisions and general administration. Sales and use taxes, property taxes, and state and federal grants finance most of these activities. During fiscal 2018, control and management of the Peaks Ice Arena was transferred to Provo City and is now included in the governmental activities of Provo City. The *business-type activities* are similar to private sector type operations where the City charges fees to customers to cover all or most of the cost of the services provided. These services include the City's water, waste water, airport, sanitation, storm drain, golf course, and electric operations. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

## **Fund Financial Statements**

The *fund financial statements* provide more detailed information about the City's most significant funds, not the City as a whole. 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. Some funds are required by State law or by bond covenants, while other funds are established by the Municipal Council to manage money for a particular purpose. All of the funds of the City can be divided into two categories: *governmental funds* and *proprietary funds*.

There are two basic financial statements presented for *governmental funds*: the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*. There is also a *statement of revenues, expenditures, and changes in fund balances – budget to actual* for the general fund and the special revenue funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, the *governmental fund financial statements* focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. To facilitate the comparison between *governmental funds* and *governmental activities*, both the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances* provide reconciliation to the *government-wide statements*.

There are three basic financial statements for *proprietary funds*: *the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows*. The City maintains two types of proprietary funds: *enterprise funds* and *internal service funds*.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. However, they provide more detail and additional information, such as a statement of cash flows.

*Internal Service Funds* are used to report activities that result in the accumulation and allocation of costs related to supplies and services provided and used internally among the City's various functions. The City uses internal service funds to account for employee benefits, insurance and claims, customer service, vehicle management and facility services. As mentioned above, internal service funds are included in the governmental activities in the government-wide statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-82 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information, including the combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, can be found on pages 83-106 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis examines the factors that affect the *net position* (Table 1) and the *changes in net position* (Table 2) of both the governmental and the business-type activities.

### **Net Position**

By far the largest portion of the City's net position (80.1 percent) reflects its investment in capital assets (e.g., infrastructure, land, building, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The net position section shows the amount the City has invested in capital assets, less any related outstanding debt used to acquire those assets. It should be noted that since the

capital assets themselves cannot be used to liquidate these liabilities, the resources needed to repay this debt must be provided from other sources.

**Table 1 - Net Position**

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 96,438,104	\$ 92,472,376	\$ 73,386,718	\$ 63,828,450	\$ 169,824,822	\$ 156,300,826
Capital assets	347,665,503	348,413,999	269,246,695	250,933,520	616,912,198	599,347,519
Other assets	22,765,466	23,672,180	9,522,859	8,350,045	32,288,325	32,022,225
Total assets	466,869,073	464,558,555	352,156,272	323,112,015	819,025,345	787,670,570
Deferred outflows of resources	15,523,966	12,364,090	2,673,038	2,489,507	18,197,004	14,853,597
Current liabilities	23,805,787	21,306,374	18,368,956	12,469,397	42,174,743	33,775,771
Long-term liabilities	89,081,144	100,148,351	51,697,726	50,187,296	140,778,870	150,335,647
Total liabilities	112,886,931	121,454,725	70,066,682	62,656,693	182,953,613	184,111,418
Deferred inflows of resources	23,473,456	14,989,160	2,500,347	816,387	25,973,803	15,805,547
Net position:						
Net investment in capital assets:	282,888,781	281,052,297	225,102,007	215,012,358	507,990,788	496,064,655
Restricted	8,044,231	8,636,372	1,173,400	1,176,737	9,217,631	9,813,109
Unrestricted	55,099,640	50,790,091	55,986,874	45,948,347	111,086,514	96,738,438
Total net position	<u>\$ 346,032,652</u>	<u>\$ 340,478,760</u>	<u>\$ 282,262,281</u>	<u>\$ 262,137,442</u>	<u>\$ 628,294,933</u>	<u>\$ 602,616,202</u>

At the end of the current fiscal year, the City is able to report positive net position balances in all three categories of net position, (Net investment in capital assets, Restricted and Unrestricted) for both governmental and business-type activities.

**Changes in Net Position**

***Governmental Activities***

As shown below in Table 2 – Changes in Net Position governmental activities increased the City’s net position by \$5,553,892.

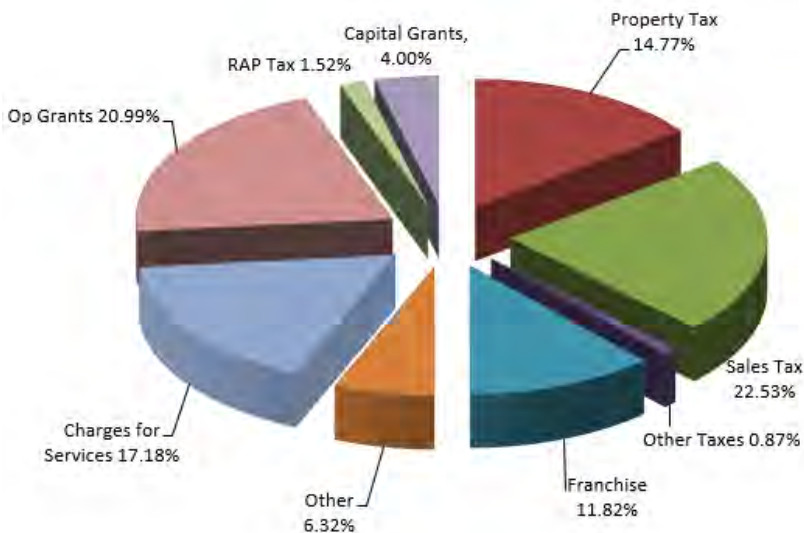
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. The amount that the depreciation exceeded capital outlays in fiscal year 2018 is \$8,192,396.

The net position beginning balance has been restated to reflect the implementation of GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 14,466,580	\$ 14,701,397	\$ 113,460,210	\$ 108,683,844	\$ 127,926,790	\$ 123,385,241
Operating grants and contributions	17,674,626	17,459,101	250,000	1,515,534	17,924,626	18,974,635
Capital grants and contributions	3,378,973	1,513,967	11,816,977	2,630,733	15,195,950	4,144,700
General revenues:						
Property taxes	12,438,085	13,176,332	-	-	12,438,085	13,176,332
Other taxes	31,598,404	30,144,545	-	-	31,598,404	30,144,545
Other	4,662,146	2,595,749	6,710,178	4,072,641	11,372,324	6,668,390
<b>Total revenues</b>	<b>84,218,814</b>	<b>79,591,091</b>	<b>132,237,365</b>	<b>116,902,752</b>	<b>216,456,179</b>	<b>196,493,843</b>
<b>Expenses:</b>						
General government	15,223,591	9,947,222			15,223,591	9,947,222
Public safety	35,567,703	33,145,039			35,567,703	33,145,039
Public services	4,630,125	6,638,270			4,630,125	6,638,270
Community revitaliza-	11,015,227	15,258,704			11,015,227	15,258,704
Culture and recreation	18,415,600	17,622,058			18,415,600	17,622,058
Interest on long-term	2,551,409	3,038,788			2,551,409	3,038,788
Golf course			1,176,952	1,141,024	1,176,952	1,141,024
Water			9,857,885	8,262,139	9,857,885	8,262,139
Wastewater			6,699,620	7,243,811	6,699,620	7,243,811
Energy			70,813,011	62,306,764	70,813,011	62,306,764
Airport			3,478,456	3,299,881	3,478,456	3,299,881
Utility transportation			2,871,069	2,393,632	2,871,069	2,393,632
Sanitation			4,195,985	4,040,055	4,195,985	4,040,055
Storm drain			2,639,894	3,051,105	2,639,894	3,051,105
Ice Sheet			1,640,921	-	1,640,921	
<b>Total expenses</b>	<b>87,403,655</b>	<b>85,650,081</b>	<b>103,373,793</b>	<b>91,738,411</b>	<b>190,777,448</b>	<b>177,388,492</b>
Increase in net position before transfers	(3,184,841)	(6,058,990)	28,863,572	25,164,341	25,678,731	19,105,351
Transfers	8,738,733	15,157,353	(8,738,733)	(15,157,353)		
<b>Change in net position</b>	<b>5,553,892</b>	<b>9,098,363</b>	<b>20,124,839</b>	<b>10,006,988</b>	<b>25,678,731</b>	<b>19,105,351</b>
<b>Net Position:</b>						
Net position beginning, restated	340,478,760	331,380,397	262,137,442	252,130,454	602,616,202	583,510,851
<b>Net position ending</b>	<b>\$ 346,032,652</b>	<b>\$ 340,478,760</b>	<b>\$ 282,262,281</b>	<b>\$ 262,137,442</b>	<b>\$ 628,294,933</b>	<b>\$ 602,616,202</b>

**Revenues by Source - Governmental Activities**



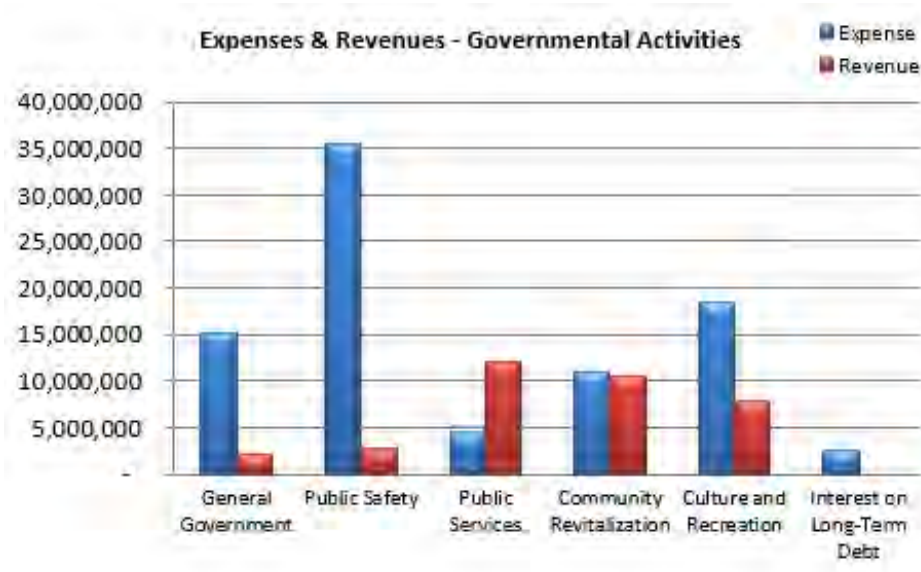
Sales and use taxes, which increased from the prior year, are the single greatest source of revenue for the City. In the current fiscal year, 22.53 percent of the City’s revenues from governmental activities were derived from sales and use tax.

Another 14.77 percent of the City’s revenue was derived from property taxes.

From the prior fiscal year, the revenue from sales, property and other taxes increased \$715,612 or 1.7 percent. The increase is the result of higher sales and use tax revenue, higher franchise tax revenue and higher Recreation Arts and Park (RAP) tax revenue.

The General Government category includes expenses for the following departments; Municipal Council, Mayor’s Office, Community Development, Economic Development, Administrative Services, Legal and Non-departmental.

The Public Services category includes Road Projects, Engineering and Streets. The Public Safety category includes Police, Fire, and Emergency Response. The Community Revitalization category includes all fund expenses in the Commercial Rehabilitation, Rental Rehabilitation, Community Development Block Grant, Housing Rehabilitation, Tax Increment, Housing Consortium and the Provo Business Development Fund.



As reported on the statement of activities in the government-wide statements, net cost of services provided by governmental activities totaled \$51,883,476. Public Safety, which includes fire and police, reports program expenses of \$35,567,703; while program revenues were \$2,753,027. The result is a net cost of services for Public Safety totaling \$32,814,676.

The net amount of revenue and expenses from Public Safety is 63.2 percent of the total net cost of services provided by the City for governmental activities.

Transfers between the governmental activities from the business-type activities totaled \$8,738,733.

**Business-type Activities**

Business-type activities increased the City’s net position by \$20,124,839. The primary elements of this change are as follows.

For the business-type activities, program and general revenues were \$28,863,572 greater than expenses (before transfers) and transfers of \$8,738,733 resulted in the net increase of \$20,124,839.

For business-type activities, 85.8 percent of the revenue came from charges for services.



**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

As noted earlier, the City 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, unreserved fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$69,952,362; an increase of \$5,527,180 from the prior year. The General Fund’s portion of the total fund balance is \$19,208,945; an increase of \$2,255,231, of which \$13,128,183 is unassigned. Other governmental funds comprise the remainder of the total fund balance in the amount of \$50,743,417; an increase of \$3,271,949, which is restricted and assigned.

The amounts that are unassigned represent funds not designated for a specific purpose. The remainder of fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending. These amounts represent funds that are already committed to liquidate contracts and purchase orders of the prior period, pay debt, or a variety of other restricted purposes. See governmental fund detail beginning on page 28 of this report.

## Proprietary Funds

The City's proprietary fund statements use basically the same accounting methods (full accrual) as those used in the government-wide statements. Because the accounting methods are similar, both statements provide the same types of information. However, the fund financial statements do present more detailed information about individual proprietary funds. See proprietary fund detail beginning on page 33 of this report. The internal service funds primarily benefit the governmental funds. Therefore, the internal service funds revenues that exceed expenses are eliminated in the government-wide statements. The activity of the internal service funds is grouped with the governmental funds on the government wide statements.

The City's Energy Department generates 58.9 percent of the Program Revenues (before operating transfers) for business-type activities.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets (Table 3) for its governmental and business-type activities as of June 30, 2018 and 2017 amounts to \$616,912,198 and \$599,347,519, respectively, (net of accumulated depreciation). The investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, library collection, roads, highways, sidewalks, bridges, and construction in progress.

The total increase in the City's investment in capital assets for the current fiscal year was \$17,564,679 (net of accumulated depreciation). The capital assets in governmental activities decreased \$748,496 (net of accumulated depreciation).

**Table 3 - Capital Assets**

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 172,290,452	\$ 172,290,452	\$ 47,077,735	\$ 42,697,635	\$ 219,368,187	\$ 214,988,087
Land easement	200,983	200,983			200,983	200,983
Water stock			2,420,927	2,420,927	2,420,927	2,420,927
Machinery and equipment	15,596,427	13,905,974	6,685,917	7,623,283	22,282,344	21,529,257
Library collection	246,195	38,427			246,195	38,427
Buildings	60,197,494	62,317,737	48,970,891	47,996,209	109,168,385	110,313,946
Land improvements	11,805,587	12,313,542	19,633,599	21,269,865	31,439,186	33,583,407
Infrastructure	79,008,807	83,373,506	131,007,768	108,983,622	210,016,575	192,357,128
Construction in progress	8,319,558	3,973,378	13,449,858	19,941,979	21,769,416	23,915,357
<b>Total</b>	<b>\$ 347,665,503</b>	<b>\$ 348,413,999</b>	<b>\$ 269,246,695</b>	<b>\$ 250,933,520</b>	<b>\$ 616,912,198</b>	<b>\$ 599,347,519</b>

The capital assets in business-type activities increased \$18,313,175 (net of accumulated depreciation). The decrease in total assets in governmental activities is primarily the result of depreciation partially offset by an increase in construction in progress during the fiscal year. The increase in business-type activities is primarily the result of infrastructure improvements and the addition of the Ice Sheet.

Additional information on the City's capital assets can be found in Note 4 of this report.

### Long-term Debt

At the end of the 2018 fiscal year, the City had long-term debt (Table 4) totaling \$129,603,363. The bonded debt outstanding was \$106,135,312. Of this amount, \$35,411,471 is general obligation debt backed by the full faith and credit of the government. The remainder of the City's bonded debt, in the amount of \$70,723,841, represents bonds secured solely by specified revenue sources, i.e., revenue bonds.

Long-term debt also includes capital leases in the amount of \$5,797,503; accrued compensated absences of \$8,849,409 of accrued compensated absences; and net OPEB payable of \$8,821,139.

State statutes limit the amount of general obligation debt a governmental entity may issue up to four percent of its total assessed valuation. The current debt limitation for the City is \$351,669,000, which is significantly in excess of the City's outstanding general obligation debt of \$35,411,471, leaving a legal debt margin of \$316,257,529. (See detailed information in Statistical section-Legal Debt Margin). More detailed information regarding long-term debt can be found in Note 8.

**Table 4 - Long-term debt**

	<u>Totals</u>	
	2018	2017
<b>Governmental:</b>		
General Obligation Bonds	\$ 35,411,471	\$ 34,866,819
Revenue Bonds	23,567,748	25,701,718
Capital Leases	5,797,503	6,793,165
Accrued Compensated Absences	6,775,961	6,428,404
Net OPEB Payable	7,149,637	418,095
Total Governmental	<u>78,702,320</u>	<u>74,208,201</u>
<b>Business-type</b>		
Revenue Bonds	47,156,093	43,857,861
Accrued Compensated Absences	2,073,448	1,986,216
Net OPEB/Pension Payable	1,671,502	128,950
Total Business-Type	<u>50,901,043</u>	<u>45,973,027</u>
<b>Total</b>	<u>\$ 129,603,363</u>	<u>\$ 120,181,228</u>

## BUDGETARY HIGHLIGHTS

*General Fund Budgetary Highlights:* The following is a brief review of significant budgeting changes from the original to the final budget for the General Fund:

### Budget Appropriations

Impact Fee Study	\$32,631
Airport Improvements	288,192
Wildland Fire Truck	178,620
Recreation Center Staff	160,000
Total	<u>\$659,443</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

When preparing the City's budget for the 2018 fiscal year, there were several economic factors and trends taken into consideration. Elements of the budget process include projecting inflation, and the impact the national economy has on local economic growth. The state and local economy showed some improvement during the fiscal year ending June 30, 2018. The state and local unemployment rates have remained lower than the national rate. State and local sales tax revenues have slightly increased when compared to the prior fiscal year. These and other factors were considered in the City's budget for the 2018-2019 fiscal year. As of the date of this report, the fiscal 2019 revenues have been slightly more than budget.

## REQUESTS FOR INFORMATION

The financial report is designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Provo City Finance Office, attention Division Director – Finance, 351 West Center Street, Provo, Utah, 84601.

**PROVO CITY CORPORATION**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash	\$ 48,503,472	\$ 54,859,661	\$ 103,363,133
Restricted cash	19,809,898	6,037,676	25,847,574
Accounts receivable	21,395,821	16,703,698	38,099,519
Inventory	216,272	2,298,324	2,514,596
Internal balances	6,512,641	(6,512,641)	-
Total Current Assets	<u>96,438,104</u>	<u>73,386,718</u>	<u>169,824,822</u>
Noncurrent Assets:			
Capital Assets:			
Non Depreciable	180,810,992	62,948,520	243,759,512
Depreciable assets (net of depreciation)	166,854,511	206,298,175	373,152,686
Total Capital Assets	<u>347,665,503</u>	<u>269,246,695</u>	<u>616,912,198</u>
Other Assets:			
Notes and loans receivable	20,219,365	-	20,219,365
Investment in joint ventures	-	9,336,285	9,336,285
Net pension asset	934,374	186,574	1,120,948
Other	1,611,727	-	1,611,727
Total Other Assets	<u>22,765,466</u>	<u>9,522,859</u>	<u>32,288,325</u>
Total Noncurrent Assets	<u>370,430,969</u>	<u>278,769,554</u>	<u>649,200,523</u>
<b>Total Assets</b>	<u>466,869,073</u>	<u>352,156,272</u>	<u>819,025,345</u>
<b>Deferred Outflows of Resources</b>	15,523,966	2,673,038	18,197,004
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	3,685,442	6,633,776	10,319,218
Accrued liabilities	5,959,255	7,210,882	13,170,137
Accrued interest payable	1,175,085	629,512	1,804,597
Customer deposits	5,937,609	1,177,752	7,115,361
Accrued compensated absences	2,032,788	622,034	2,654,822
Bonds, loans and leases payable	5,015,608	2,095,000	7,110,608
Total Current Liabilities	<u>23,805,787</u>	<u>18,368,956</u>	<u>42,174,743</u>
Long-term Liabilities:			
Accrued compensated absences	4,743,173	1,451,414	6,194,587
Unearned revenue	-	5,000	5,000
Net OPEB payable	7,149,637	1,671,502	8,821,139
Net pension liability	17,427,220	3,508,717	20,935,937
Lease payable	4,783,894	-	4,783,894
Bonds payable	54,977,220	45,061,093	100,038,313
Total Long-term Liabilities	<u>89,081,144</u>	<u>51,697,726</u>	<u>140,778,870</u>
<b>Total Liabilities</b>	<u>112,886,931</u>	<u>70,066,682</u>	<u>182,953,613</u>
<b>Deferred Inflows of Resources</b>	23,473,456	2,500,347	25,973,803
<b>Net Position</b>			
Net investment in capital assets	282,888,781	225,102,007	507,990,788
Restricted for:			
Debt service	1,292,242	1,173,400	2,465,642
Capital projects	6,751,989	-	6,751,989
Unrestricted	55,099,640	55,986,874	111,086,514
<b>Total Net Position</b>	<u>\$ 346,032,652</u>	<u>\$ 282,262,281</u>	<u>\$ 628,294,933</u>

The accompanying notes are an integral part of these financial statements.

**PROVO CITY CORPORATION**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 15,223,591	\$ 485,976	\$ 1,669,304	\$ -	\$ (13,068,311)	\$ -	\$ (13,068,311)
Public safety	35,567,703	1,815,950	580,563	356,514	(32,814,676)	-	(32,814,676)
Public services	4,630,125	3,347,881	8,289,020	506,026	7,512,802	-	7,512,802
Culture and recreation	18,415,600	7,198,747	41,325	664,290	(10,511,238)	-	(10,511,238)
Community revitalization	11,015,227	1,618,026	7,094,414	1,852,143	(450,644)	-	(450,644)
Interest on long-term debt	2,551,409	-	-	-	(2,551,409)	-	(2,551,409)
Total governmental activities	<u>87,403,655</u>	<u>14,466,580</u>	<u>17,674,626</u>	<u>3,378,973</u>	<u>(51,883,476)</u>	<u>-</u>	<u>(51,883,476)</u>
Business-type activities:							
Golf course	1,176,952	814,257	-	-	-	(362,695)	(362,695)
Water	9,857,885	14,192,661	-	421,798	-	4,756,574	4,756,574
Waste water	6,699,620	11,299,581	-	294,852	-	4,894,813	4,894,813
Energy	70,813,011	73,301,830	-	590,168	-	3,078,987	3,078,987
Airport	3,478,456	631,791	-	4,044,316	-	1,197,651	1,197,651
Utility transportation	2,871,069	2,133,216	-	-	-	(737,853)	(737,853)
Sanitation	4,195,985	4,974,791	-	-	-	778,806	778,806
Storm drain	2,639,894	4,875,702	-	503,962	-	2,739,770	2,739,770
Ice Sheet	1,640,921	1,236,381	250,000	5,961,881	-	5,807,341	5,807,341
Total business-type activities	<u>103,373,793</u>	<u>113,460,210</u>	<u>250,000</u>	<u>11,816,977</u>	<u>-</u>	<u>22,153,394</u>	<u>22,153,394</u>
Total primary government	<u>\$ 190,777,448</u>	<u>\$ 127,926,790</u>	<u>\$ 17,924,626</u>	<u>\$ 15,195,950</u>	<u>(51,883,476)</u>	<u>22,153,394</u>	<u>(29,730,082)</u>
General revenues:							
Taxes:							
Property					12,438,085	-	12,438,085
Vehicle					732,313	-	732,313
Sales					18,973,348	-	18,973,348
Franchise					9,952,771	-	9,952,771
RAP					1,277,460	-	1,277,460
Other					662,512	-	662,512
Investment earnings					1,250,036	2,051,911	3,301,947
Gain on sale of capital assets					1,381,050	-	1,381,050
Miscellaneous					2,031,060	4,658,267	6,689,327
Transfers					8,738,733	(8,738,733)	-
Total general revenues and transfers					<u>57,437,368</u>	<u>(2,028,555)</u>	<u>55,408,813</u>
Change in net position					5,553,892	20,124,839	25,678,731
Net position-beginning, restated					340,478,760	262,137,442	602,616,202
Net position-ending					<u>\$ 346,032,652</u>	<u>\$ 282,262,281</u>	<u>\$ 628,294,933</u>

The accompanying notes are an integral part of these financial statements.



**PROVO CITY CORPORATION**  
**Balance Sheet – Governmental Funds**  
**June 30, 2018**

	Governmental Fund Types		Total Governmental Funds
	General	Other Governmental Funds	
<b>Assets:</b>			
Cash	\$ 18,319,375	\$ 13,432,918	\$ 31,752,293
Restricted cash	4,821,430	14,852,384	19,673,814
Accounts receivable	10,819,087	10,556,684	21,375,771
Inventory	74,648	-	74,648
Notes and loans receivable	1,485,139	19,590,266	21,075,405
Other	11,836	1,599,891	1,611,727
<b>Total assets</b>	<b>\$ 35,531,515</b>	<b>\$ 60,032,143</b>	<b>\$ 95,563,658</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,540,521	\$ 945,719	\$ 2,486,240
Accrued liabilities	2,142,774	148,600	2,291,374
Customer deposits	5,937,609	-	5,937,609
<b>Total liabilities</b>	<b>9,620,904</b>	<b>1,094,319</b>	<b>10,715,223</b>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	4,765,300	6,311,721	11,077,021
Deferred unavailable revenue	532,227	1,882,686	2,414,913
Deferred revenue-loans receivable	1,404,139	-	1,404,139
<b>Total Deferred Inflows of Resources</b>	<b>6,701,666</b>	<b>8,194,407</b>	<b>14,896,073</b>
<b>Fund balances</b>			
Nonspendable	86,484	-	86,484
Restricted	2,920,045	47,198,501	50,118,546
Assigned	3,074,233	3,544,916	6,619,149
Unassigned	13,128,183	-	13,128,183
<b>Total fund balances</b>	<b>19,208,945</b>	<b>50,743,417</b>	<b>69,952,362</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 35,531,515</b>	<b>\$ 60,032,143</b>	<b>\$ 95,563,658</b>

**PROVO CITY CORPORATION**  
**Reconciliation to the Balance Sheet – Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2018**

Total fund balance	\$69,952,362
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the fund statements.	333,752,884
An allowance for doubtful accounts is recorded on the entity-wide statements and not reported on the fund statements.	( 856,040)
Notes and other receivables recorded on the entity-wide statements and not reported on the fund statements.	20,050
Net pension assets and liabilities are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	( 12,754,789)
Accrued interest is recorded in the entity-wide statements but not reported in the fund statements.	( 1,163,593)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, maintenance, vehicles and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	23,031,399
The proprietary funds cumulative allocation of the internal service funds net income based on use of service are included in the entitywide statements.	6,512,641
Deferred revenue was reported in the funds to offset certain loan receivables. In the governmental activities, no expense or revenue is recorded when a loan is made or paid off leaving no deferred revenue liability associated with the loan receivable.	3,819,052
Accrued compensated absences are not due and payable in the current period and are not reported in the funds.	( 6,475,946)
Net OPEB reported in the governmental activities and not in the fund statements.	( 6,832,418)
Long-term liabilities, including bonds payable are not due and payable in the current period and are not reported in the funds.	<u>( 62,972,950)</u>
Net position of governmental activities	<u>\$346,032,652</u>

**PROVO CITY CORPORATION**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2018**

	Governmental Fund Types		Total Governmental Funds
	General	Other Governmental Funds	
<b>Revenues:</b>			
Taxes	\$ 36,071,294	\$ 7,761,334	\$ 43,832,628
Licenses and permits	1,111,158	-	1,111,158
Intergovernmental	4,845,319	12,744,473	17,589,792
Charges for services	10,970,650	2,372,029	13,342,679
Fines and forfeitures	1,565,656	-	1,565,656
Impact fees	-	1,170,316	1,170,316
Interest income	388,375	468,391	856,766
Loan interest repayments	89,576	75,854	165,430
Lease income	43,800	-	43,800
Miscellaneous	715,331	1,381,479	2,096,810
<b>Total revenues</b>	<b>55,801,159</b>	<b>25,973,876</b>	<b>81,775,035</b>
<b>Expenditures:</b>			
Current:			
General government	12,369,526	-	12,369,526
Public safety	30,470,529	-	30,470,529
Public services	3,951,623	-	3,951,623
Culture and recreation	11,347,771	4,520,032	15,867,803
Community revitalization	3,194,397	6,310,142	9,504,539
<b>Total current expenditures</b>	<b>61,333,846</b>	<b>10,830,174</b>	<b>72,164,020</b>
Debt service:			
Interest	1,200	2,559,258	2,560,458
Rent/Lease	-	836,112	836,112
Principal on debt	-	3,824,000	3,824,000
Service fees on debt and issuance costs	-	178,238	178,238
<b>Total debt service</b>	<b>1,200</b>	<b>7,397,608</b>	<b>7,398,808</b>
Capital outlay:			
Capital outlay	3,737,303	9,547,777	13,285,080
<b>Total expenditures</b>	<b>65,072,349</b>	<b>27,775,559</b>	<b>92,847,908</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,271,190)</b>	<b>(1,801,683)</b>	<b>(11,072,873)</b>
<b>Other financing sources (uses):</b>			
Transfers from other funds	11,820,682	5,610,246	17,430,928
Transfers to other funds	(2,227,362)	(729,128)	(2,956,490)
Debt issuance	1,080,113	30,076,994	31,157,107
Deposit to escrow agent	-	(29,884,480)	(29,884,480)
Proceeds from sale of assets	852,988	-	852,988
<b>Total other financing sources (uses)</b>	<b>11,526,421</b>	<b>5,073,632</b>	<b>16,600,053</b>
<b>Net change in fund balances</b>	<b>2,255,231</b>	<b>3,271,949</b>	<b>5,527,180</b>
<b>Fund balance at beginning of year</b>	<b>16,953,714</b>	<b>47,471,468</b>	<b>64,425,182</b>
<b>Fund balance at end of year</b>	<b>\$ 19,208,945</b>	<b>\$ 50,743,417</b>	<b>\$ 69,952,362</b>

The accompanying notes are an integral part of these financial statements.

**PROVO CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Net change in fund balances--total governmental funds \$ 5,527,180

Amounts reported for the governmental activities in the statements of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (8,192,396)

In the Statement of Activities, only the gain on the sale is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net cost of the assets sold. 524,238

Revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements. 708,116

Pension and OPEB recorded in governmental activities and not in the fund statements. 1,884,281

The issuance of long-term debt (e.g., bonds, leases) 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. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,604,394

The proprietary funds allocation of the internal service funds net loss is based on use of service included in the entity-wide statements. (225,554)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, maintenance, vehicles and employee benefits to individual funds. The net revenue (expense) associated with the internal service funds is reported with governmental activities. 1,723,634

Change in net position of governmental activities \$ 5,553,893

**PROVO CITY CORPORATION**  
**Budgetary Comparison Statement – General Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 30,307,887	\$ 34,008,643	\$ 36,071,294	\$ 2,062,651
Licenses and permits	2,108,000	2,108,000	1,111,158	(996,842)
Intergovernmental	4,103,000	4,128,000	4,845,319	717,319
Charges for services	8,491,000	8,491,000	10,970,650	2,479,650
Fines and forfeitures	1,616,000	1,616,000	1,565,656	(50,344)
Interest income	153,500	153,500	388,375	234,875
Loan interest repayments	-	-	89,576	89,576
Lease income	-	-	43,800	43,800
Miscellaneous	871,173	871,173	715,331	(155,842)
<b>Total revenues</b>	<u>47,650,560</u>	<u>51,376,316</u>	<u>55,801,159</u>	<u>4,424,843</u>
<b>Expenditures:</b>				
Current:				
Mayor's Office	1,735,692	1,799,035	1,669,604	129,431
Municipal Council	1,030,199	1,121,982	1,005,352	116,630
Finance	1,231,242	1,300,581	1,253,436	47,145
Personnel	971,066	1,118,845	1,087,386	31,459
Recorder	185,201	265,636	242,487	23,149
Justice Court	1,401,902	1,398,353	1,395,323	3,030
Legal	1,571,664	1,580,131	1,522,598	57,533
Community Development	2,617,442	3,142,625	2,628,603	514,022
Economic Development	851,854	974,962	565,794	409,168
Information Systems	3,200,796	3,681,276	2,770,975	910,301
Nondepartmental	817,601	3,271,822	1,422,365	1,849,457
Police	17,847,746	19,884,355	19,777,339	107,016
Fire	10,084,457	10,731,399	10,693,190	38,209
Streets	2,074,970	2,129,764	2,009,919	119,845
Engineering	1,860,435	2,093,851	1,941,704	152,147
Parks & Recreation	10,413,291	11,232,060	11,347,771	(115,711)
Total current expenditures	<u>57,895,558</u>	<u>65,726,677</u>	<u>61,333,846</u>	<u>4,392,831</u>
Debt service:				
Interest	-	-	1,200	(1,200)
Total debt service	-	-	1,200	(1,200)
Capital outlay:				
Capital outlay	-	-	3,737,303	(3,737,303)
<b>Total expenditures</b>	<u>57,895,558</u>	<u>65,726,677</u>	<u>65,072,349</u>	<u>654,328</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(10,244,998)</u>	<u>(14,350,361)</u>	<u>(9,271,190)</u>	<u>5,079,171</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	15,072,208	14,654,087	11,820,682	(2,833,405)
Transfers to other funds	(5,103,799)	(5,614,731)	(2,227,362)	3,387,369
Debt issuance	-	-	1,080,113	1,080,113
Proceeds from land sales	-	-	852,988	852,988
<b>Total other financing sources (uses)</b>	<u>9,968,409</u>	<u>9,039,356</u>	<u>11,526,421</u>	<u>2,487,065</u>
<b>Net change in fund balance</b>	<u>\$ (276,589)</u>	<u>\$ (5,311,005)</u>	<u>2,255,231</u>	<u>\$ 7,566,236</u>
<b>Fund balance at beginning of year</b>			<u>16,953,714</u>	
<b>Fund balance at end of year</b>			<u>\$ 19,208,945</u>	

The accompanying notes are an integral part of these financial statements.

**PROVO CITY CORPORATION**  
**Statement of Position – Proprietary Funds**  
**June 30, 2018**

	Water	Waste- Water	Energy	Airport	Total Nonmajor Proprietary Funds	Total	<b>Governmental Activities Internal Service Funds</b>
<b>Assets</b>							
<b>Current Assets:</b>							
Cash	\$ 4,153,012	\$ 11,162,491	\$ 34,559,001	\$ 520,903	\$ 4,464,254	\$ 54,859,661	\$ 16,751,179
Restricted cash	329,536	2,878,132	567,615	2,183,300	79,093	6,037,676	136,084
Accounts receivable	2,685,095	1,294,653	9,594,232	1,867,624	1,262,094	16,703,698	486
Inventory	1,358,487	-	939,837	-	-	2,298,324	141,624
<b>Total Current Assets</b>	<b>8,526,130</b>	<b>15,335,276</b>	<b>45,660,685</b>	<b>4,571,827</b>	<b>5,805,441</b>	<b>79,899,359</b>	<b>17,029,373</b>
<b>Noncurrent Assets:</b>							
Capital Assets:							
Non Depreciable	11,040,119	431,075	4,292,961	17,036,389	30,147,976	62,948,520	381,686
Depreciable assets	58,796,269	31,205,337	67,765,678	21,297,059	27,233,832	206,298,175	13,530,933
Net Capital Assets	69,836,388	31,636,412	72,058,639	38,333,448	57,381,808	269,246,695	13,912,619
Net pension asset	39,196	20,576	95,225	5,853	25,724	186,574	36,172
Equity in Joint Venture	-	-	-	-	9,336,285	9,336,285	-
<b>Total Noncurrent Assets</b>	<b>69,875,584</b>	<b>31,656,988</b>	<b>72,153,864</b>	<b>38,339,301</b>	<b>66,743,817</b>	<b>278,769,554</b>	<b>13,948,791</b>
<b>Total Assets</b>	<b>78,401,714</b>	<b>46,992,264</b>	<b>117,814,549</b>	<b>42,911,128</b>	<b>72,549,258</b>	<b>358,668,913</b>	<b>30,978,164</b>
<b>Deferred outflows of resources</b>							
Deferred outflows related to pensions	561,616	294,795	1,364,313	83,874	368,440	2,673,038	518,275
<b>Total deferred outflows of resources</b>	<b>561,616</b>	<b>294,795</b>	<b>1,364,313</b>	<b>83,874</b>	<b>368,440</b>	<b>2,673,038</b>	<b>518,275</b>

The accompanying notes are an integral part of these financial statements.

(Continued)

**PROVO CITY CORPORATION**  
**Statement of Position – Proprietary Funds (Continued)**  
**June 30, 2018**

	Water	Waste- Water	Energy	Airport	Total Nonmajor Proprietary Funds	Total	Governmental Activities Internal Service Funds
<b>Liabilities &amp; Net Position</b>							
<b>Liabilities:</b>							
Accounts payable	699,031	1,103,126	309,351	3,996,120	526,148	6,633,776	1,199,202
Accrued liabilities	128,847	85,759	6,851,496	15,031	129,749	7,210,882	3,667,881
Customer deposits	152,445	72,379	950,295	1,260	1,373	1,177,752	-
Accrued interest payable	159,300	132,803	249,235	73,271	14,903	629,512	11,492
Accrued compensated absences	140,597	73,177	307,922	29,218	71,120	622,034	90,004
Bonds, leases and loans payable	400,000	335,000	750,000	-	610,000	2,095,000	241,362
<b>Total Current Liabilities</b>	<b>1,680,220</b>	<b>1,802,244</b>	<b>9,418,299</b>	<b>4,114,900</b>	<b>1,353,293</b>	<b>18,368,956</b>	<b>5,209,941</b>
<b>Long-term Liabilities</b>							
Accrued compensated absences	328,060	170,747	718,485	68,176	165,946	1,451,414	210,011
Unearned revenue	-	-	-	-	5,000	5,000	-
Net OPEB payable	414,825	158,610	622,238	36,602	439,227	1,671,502	317,219
Net pension liability	737,208	386,963	1,790,870	110,093	483,583	3,508,717	680,316
Lease payable	-	-	-	-	-	-	1,562,410
Bonds payable	10,356,052	8,635,798	17,213,583	5,507,141	3,348,519	45,061,093	-
<b>Total Long-term Liabilities</b>	<b>11,836,145</b>	<b>9,352,118</b>	<b>20,345,176</b>	<b>5,722,012</b>	<b>4,442,275</b>	<b>51,697,726</b>	<b>2,769,956</b>
<b>Total Liabilities</b>	<b>13,516,365</b>	<b>11,154,362</b>	<b>29,763,475</b>	<b>9,836,912</b>	<b>5,795,568</b>	<b>70,066,682</b>	<b>7,979,897</b>
<b>Deferred inflows of resources</b>							
Deferred inflows related to pensions	518,589	272,211	1,259,790	77,447	340,220	2,468,257	478,567
Deferred inflows related to OPEB	7,964	3,045	11,946	703	8,432	32,090	6,090
<b>Total deferred inflows of resources</b>	<b>526,553</b>	<b>275,256</b>	<b>1,271,736</b>	<b>78,150</b>	<b>348,652</b>	<b>2,500,347</b>	<b>484,657</b>
<b>Net Position</b>							
Net investment in capital assets	59,409,872	25,268,390	54,095,056	32,826,307	53,502,382	225,102,007	12,108,847
Restricted for:							
Debt service	329,536	275,356	567,615	-	893	1,173,400	-
Unrestricted	5,181,004	10,313,695	33,480,980	253,633	13,270,203	62,499,515	10,923,038
<b>Total Net Position</b>	<b>\$ 64,920,412</b>	<b>\$ 35,857,441</b>	<b>\$ 88,143,651</b>	<b>\$ 33,079,940</b>	<b>\$ 66,773,478</b>	<b>\$ 288,774,922</b>	<b>\$ 23,031,885</b>

The accompanying notes are an integral part of these financial statements.

**PROVO CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Water	Waste- Water	Energy	Airport	Total Nonmajor Proprietary Funds	Total	Governmental Activities Internal Service Funds
<b>Operating Revenues:</b>							
Charges for services	\$ 14,067,867	\$ 11,288,198	\$ 72,322,660	\$ -	\$ 13,625,582	\$ 111,304,307	\$ 15,886,995
Fees & rentals	124,794	-	966,300	441,687	408,765	1,941,546	-
Lease income	-	11,383	12,870	190,104	-	214,357	-
Miscellaneous	266,121	29,501	4,008,482	90,300	263,863	4,658,267	490,171
Taxes	-	-	-	-	-	-	203,861
<b>Total operating revenues</b>	<b>14,458,782</b>	<b>11,329,082</b>	<b>77,310,312</b>	<b>722,091</b>	<b>14,298,210</b>	<b>118,118,477</b>	<b>16,581,027</b>
<b>Operating expenses:</b>							
Salaries and wages	1,900,452	1,558,825	4,588,039	256,374	2,227,315	10,531,005	1,984,691
Employee benefits	1,086,714	787,321	2,448,066	140,857	1,025,876	5,488,834	1,046,725
Operating expenses	4,893,218	2,857,782	55,446,819	1,090,037	8,191,150	72,479,006	8,115,082
Depreciation	1,681,089	1,225,344	4,430,745	1,976,763	929,535	10,243,476	4,062,027
<b>Total operating expenses</b>	<b>9,561,473</b>	<b>6,429,272</b>	<b>66,913,669</b>	<b>3,464,031</b>	<b>12,373,876</b>	<b>98,742,321</b>	<b>15,208,525</b>
<b>Operating income (loss)</b>	<b>4,897,309</b>	<b>4,899,810</b>	<b>10,396,643</b>	<b>( 2,741,940)</b>	<b>1,924,334</b>	<b>19,376,156</b>	<b>1,372,502</b>
<b>Nonoperating revenues (expenses)</b>							
Intergovernmental revenue	-	-	-	4,044,316	250,000	4,294,316	-
Interest income	97,517	248,985	574,302	58,793	85,151	1,064,748	150,751
Interest expense	(332,188)	(277,153)	(576,933)	(51,460)	(201,564)	(1,439,298)	(29,619)
Gain (loss) on disp. of assets	-	-	(3,417,728)	-	-	(3,417,728)	3,824
Joint Venture gain (loss)	-	-	-	-	987,163	987,163	-
<b>Total nonoperating revenues (expenses)</b>	<b>(234,671)</b>	<b>(28,168)</b>	<b>(3,420,359)</b>	<b>4,051,649</b>	<b>1,120,750</b>	<b>1,489,201</b>	<b>124,956</b>
<b>Income (loss) before contributions, and transfers</b>	<b>4,662,638</b>	<b>4,871,642</b>	<b>6,976,284</b>	<b>1,309,709</b>	<b>3,045,084</b>	<b>20,865,357</b>	<b>1,497,458</b>
Capital contributions	421,798	294,852	590,168	-	6,465,843	7,772,661	-
Transfers in	583,820	-	-	558,960	6,073,817	7,216,597	226,176
Transfers out	(1,791,892)	(1,907,936)	(11,072,933)	-	(1,182,569)	(15,955,330)	-
<b>Change in Net Position</b>	<b>3,876,364</b>	<b>3,258,558</b>	<b>( 3,506,481)</b>	<b>1,868,669</b>	<b>14,402,175</b>	<b>19,899,285</b>	<b>1,723,634</b>
<b>Net Position at beginning of year, restated</b>	<b>61,044,048</b>	<b>32,598,883</b>	<b>91,650,132</b>	<b>31,211,271</b>	<b>52,371,303</b>	<b>268,875,637</b>	<b>21,308,251</b>
<b>Net Position at end of year</b>	<b>\$ 64,920,412</b>	<b>\$ 35,857,441</b>	<b>\$ 88,143,651</b>	<b>\$ 33,079,940</b>	<b>\$ 66,773,478</b>	<b>\$ 288,774,922</b>	<b>\$ 23,031,885</b>

Change in net position (proprietary funds) \$ 19,899,285

Amounts reported for business activities in the statement of activities are different because:

Internal service funds are used by management to charge the cost of certain activities, such as insurance, maintenance, vehicles and employee benefits to individual funds. The net revenue (expense) associated with the internal service fund was allocated based on use of service to the individual funds in the statement of activities.

225,554

Change in net position (statement of activities)

\$ 20,124,839

The accompanying notes are an integral part of these financial statements.



**PROVO CITY CORPORATION**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Water	Waste- water	Energy	Airport	Total Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Cash flows from operating activities:							
Receipts from customers and users	\$ 14,172,294	\$ 11,113,040	\$ 76,772,308	\$ 722,091	\$ 14,140,688	\$ 116,920,421	\$ 16,580,541
Payments to suppliers	(5,422,399)	(1,930,607)	(55,810,909)	2,409,245	(8,467,835)	(69,222,505)	(6,136,706)
Payments to employees	(3,195,754)	(2,198,031)	(4,928,690)	(390,816)	(3,421,776)	(14,135,067)	(3,127,833)
Payments for claims	-	-	-	-	-	-	(1,359,724)
Net cash provided by operating activities	<u>5,554,141</u>	<u>6,984,402</u>	<u>16,032,709</u>	<u>2,740,520</u>	<u>2,251,077</u>	<u>33,562,849</u>	<u>5,956,278</u>
Cash flows from noncapital financing activities:							
Loans due from other funds	-	-	232,339	-	-	232,339	266,608
Loans due to other funds	-	-	-	-	(107,193)	(107,193)	(125,717)
Impact fees	421,798	294,852	590,168	-	503,962	1,810,780	-
Federal and other grants	-	-	-	2,673,397	420,700	3,094,097	-
Transfers from other funds	583,820	-	-	558,960	111,936	1,254,716	226,176
Transfers to other funds	(1,791,892)	(1,907,936)	(11,072,933)	-	(1,182,569)	(15,955,330)	-
Net cash provided (used) by noncapital financing activities	<u>(786,274)</u>	<u>(1,613,084)</u>	<u>(10,250,426)</u>	<u>3,232,357</u>	<u>(253,164)</u>	<u>(9,670,591)</u>	<u>367,067</u>
Cash flows from capital and related financing activities:							
Payments for capital acquisitions	(3,415,670)	(4,432,619)	(1,460,792)	(8,976,119)	(2,418,827)	(20,704,027)	(5,326,397)
Proceeds from sale of capital assets	-	-	-	-	-	-	139,452
Principal paid on bonds payable	(385,000)	(320,000)	(735,000)	-	(595,000)	(2,035,000)	-
Proceeds from bonds	-	-	-	5,507,141	-	5,507,141	-
Interest paid on bonds payable	(405,525)	(338,550)	(627,824)	21,811	(208,925)	(1,559,013)	-
Principal paid on lease payable	-	-	-	-	-	-	(236,228)
Interest paid on notes & lease payable	-	-	-	-	-	-	(44,337)
Net cash provided (used) by capital and related financing activities	<u>(4,206,195)</u>	<u>(5,091,169)</u>	<u>(2,823,616)</u>	<u>(3,447,167)</u>	<u>(3,222,752)</u>	<u>(18,790,899)</u>	<u>(5,467,510)</u>
Cash flows from investing activities:							
Receipts of interest	97,517	248,985	574,302	58,793	85,151	1,064,748	150,752
Net cash provided by investing activities	<u>97,517</u>	<u>248,985</u>	<u>574,302</u>	<u>58,793</u>	<u>85,151</u>	<u>1,064,748</u>	<u>150,752</u>
Net increase (decrease) in cash	659,189	529,134	3,532,969	2,584,503	(1,139,688)	6,166,107	1,006,587
Cash at beginning of year	3,823,359	13,511,489	31,593,647	119,700	5,683,035	54,731,230	15,880,676
Cash at end of year	<u>\$ 4,482,548</u>	<u>\$ 14,040,623</u>	<u>\$ 35,126,616</u>	<u>\$ 2,704,203</u>	<u>\$ 4,543,347</u>	<u>\$ 60,897,337</u>	<u>\$ 16,887,263</u>
Cash at end of year consists of:							
Cash	\$ 4,153,012	\$ 11,162,491	\$ 34,559,001	\$ 520,903	\$ 4,464,254	\$ 54,859,661	\$ 16,751,179
Restricted cash	329,536	2,878,132	567,615	2,183,300	79,093	6,037,676	136,084
Total Cash	<u>\$ 4,482,548</u>	<u>\$ 14,040,623</u>	<u>\$ 35,126,616</u>	<u>\$ 2,704,203</u>	<u>\$ 4,543,347</u>	<u>\$ 60,897,337</u>	<u>\$ 16,887,263</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**PROVO CITY CORPORATION**  
**Statement of Cash Flows – Proprietary Funds (Continued)**  
**For the Year Ended June 30, 2018**

	Water	Waste- water	Energy	Airport	Utility Transportation	Total	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 4,897,309	\$ 4,899,810	\$ 10,396,643	\$ (2,741,940)	\$ 1,924,334	\$ 19,376,156	\$ 1,372,502
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	1,681,089	1,225,344	4,430,745	1,976,763	929,534	10,243,475	4,062,028
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	(286,488)	(216,042)	(538,004)	-	(157,522)	(1,198,056)	(486)
Decrease (increase) in inventory	(217,574)	-	62,562	-	-	(155,012)	(18,944)
Increase (decrease) in accounts payable	(283,093)	903,175	(279,902)	3,499,282	(293,974)	3,545,488	(634,839)
Increase (decrease) in accrued liabilities	(84,406)	(46,324)	2,041,086	(5,895)	(74,084)	1,830,377	1,181,740
Increase (decrease) in customer deposits	(28,514)	24,000	(146,750)	-	(117)	(151,381)	-
Increase (decrease) in accrued compensated absences	(124,182)	194,439	66,329	12,310	(77,094)	71,802	(5,723)
Net cash provided by operating activities	<u>\$ 5,554,141</u>	<u>\$ 6,984,402</u>	<u>\$ 16,032,709</u>	<u>\$ 2,740,520</u>	<u>\$ 2,251,077</u>	<u>\$ 33,562,849</u>	<u>\$ 5,956,278</u>

The accompanying notes are an integral part of these financial statements.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Provo City Corporation (City) was incorporated on February 6<sup>th</sup> of 1851, and is a political subdivision of the State of Utah. The City is governed by an elected mayor and seven elected council members. The City provides services to residents and businesses in a multitude of areas including police and fire protection, parks and recreation, economic development, planning and zoning, water, sewer treatment, airport, golf course, energy and general administrative services.

As required by generally accepted accounting principles, this report presents the financial information of both Provo City Corporation (the primary government) and its component units. The City has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability has been set forth in the Governmental Accounting Standards Board's (GASB) Statement No. 61. These criteria include (1) substantively the same governing body, (2) the primary government and the component unit have a financial benefit or burden relationship, or (3) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

***Blended Component Units***

Blended component units are entities which are legally separate from the City, but are so intertwined with the City that they are, in substance, the same as the City. They have the same governing board and provide services almost entirely to the City. They are reported as funds of the City. These are organizations for which the City is financially accountable, and the relationship with the City is significant enough that exclusions would possibly lead to misleading or incomplete Financial Statements. To obtain separate individual component unit financial statements, please send the request to Provo City, c/o Finance Department, 351 W. Center St., Provo, UT 84601.

Included in this report are the following blended component units.

The **Provo City Redevelopment Agency** was established to administer and disburse funds which are received through the federal office of Housing and Urban Development. The board of directors consists of the serving members of the City's municipal council. The bond issuance authorizations are approved by the City's municipal council, and the legal liability for those bonds remains with the City. The Agency is reported as a special revenue fund.

The **Provo City Stormwater Service District** serves all the citizens of the government and is governed by a board of directors consisting of the City's municipal council. The rates for user charges and bond issuance authorizations are approved by the City's municipal council, and legal liability remains with the City. The District is reported as an enterprise fund.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Related Organizations***

A related organization is an organization for which the City is not financially accountable (because it does not have a financial benefit relationship) even though the City appoints a voting majority of the organization's governing board.

Related organizations include the following:

**The Provo City Housing Authority** Board of Directors is appointed by the Mayor, with the advice and consent of the City's Municipal Council. The Board of Directors controls personnel, management, finances and budget.

The **Provo Foundation** was created April 17, 1984 to provide for the receipt of contributions to the Foundation and was incorporated October 10, 1987. It has received tax exempt status under section 501 (a) as an organization described in section 501(c)(3) of the Internal Revenue Code. The Board of Trustees includes the Mayor, Council Chair and prominent individuals in the community that are selected by the Board of Trustees. The mission of the Foundation is to fund projects that benefit the Citizens of Provo.

**The Metropolitan Water District of Provo** Board of Directors is selected by the City's Municipal Council from a list of qualified applicants. The Board of Directors controls the personnel, management, finances and budget. The Metropolitan Water District of Provo was created under UCA section 17A-2-800. Because the majority of the board is appointed, it is treated as a related organization, not as a component unit.

**B. Financial statement presentation, measurement focus and basis of accounting**

*Basis of Presentation*

**Government-wide Financial Statements**

The government-wide financial statements, i.e., the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are amounts that are reasonably equivalent in value to the interfund services provided and other charges between the government's enterprise fund functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The government-wide statement of net position presents information on all of the City's assets and liabilities,

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

and the difference between the two is reported as net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that 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.

Indirect costs in the governmental activities that are not associated directly with a function or program in the City are included in the general government activities in the entity-wide statements.

**Fund Financial Statements**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are organized into two major categories: governmental and proprietary. Separate financial statements are provided for each of these categories. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Non-major funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating (general) fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenue or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

As per the above criteria, the City's general fund is a major fund. The City may also report other individual governmental funds as major funds if they are determined to be of particular importance to financial statement users. All other governmental funds are non-major.

The following is a classification of the City's individual funds.

**Governmental Fund Types**

*The General Fund* is the primary fund of the City. This fund is used to account for all financial resources not accounted for in other funds.

*Special revenue funds* are used by the City to account for revenues derived from specific taxes, licenses

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

and intergovernmental grants which are designated to finance particular functions or activities of the City.

*Debt service funds* are used to account for the accumulation of resources for the payment of general obligation bonds and for the accumulation of special assessments for the payment of special improvement bonds.

*Capital project funds* are used to account for resources designated to construct governmental capital assets which may require more than one fiscal year for completion.

**Proprietary Fund Types**

*Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City is that (1) the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or, (2) the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The existing enterprise funds account for construction; operation; maintenance; related debt; and property, plant and equipment within each fund. The City-owned airport, energy utility, water utility, and wastewater utility are classified as major funds.

*Internal service funds* are used to account for the financing of services provided by one department to other departments within the City. The City maintains internal service funds for employee benefits, insurance/claims, fleet management, telecom, customer service, computer replacement and facility maintenance.

***Measurement Focus and Basis of Accounting***

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements and the fund financial statements for proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Major revenues susceptible to accrual are property tax, sales tax, franchise, interest, grant receivables and utility receivables.

Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental fund financial statements, other than proprietary funds, 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. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, such as property tax, sales tax, franchise fees, interest and receivables, to be available if they are collected within 60 days of the end of the current fiscal period.

As under accrual accounting, expenditures, including capital outlay, generally are recorded when a liability is incurred. Expenditures related to principal and interest on general long-term debt that has not matured, compensated absences, and claims and judgments are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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 the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

**C. Reconciliation of Government-wide and Fund Financial Statements**

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenues and expense/expenditures reported on the fund financial statements and the government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be reconciliation between the two statements to explain the differences. Reconciliation is included as part of the fund financial statements (see pages 29, 31).

**D. Cash and Investments**

Cash includes amounts in demand deposits, sweep accounts, escrows with trustees, and the State Treasurer's investment pool, as well as short-term investments with maturities of three months or less (cash equivalents) such as money market accounts and certificates of deposit.

Investments are stated at fair value. Deposits and investments appear as cash, restricted cash and restricted assets on the balance sheets.



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for short-term interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Loans are reported as receivables and payables and are classified as "due from other funds" or "due to other funds" on the balance sheet of the governmental fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

When an internal service fund provides goods or services to another fund, redundancy is inherent because expenditures/expenses are reported in both the fund providing and the fund receiving the goods or services. Since internal service funds primarily benefit governmental funds, they are included in the governmental activities in the entity-wide statements. The basic assumption for internal service funds is that they operate on a breakeven basis. Accordingly, any net profit or loss has been allocated to the functions that benefited from the goods or services provided based on proportionate benefit. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation between the governmental fund statements and the government-wide columnar presentation.

**F. Inventories**

Inventories of supplies for the proprietary fund types are stated at cost and are accounted for on a current cost basis. Inventory items within the proprietary funds are considered expenses when used (consumption method). Inventory items in the governmental funds are considered expenditures when purchased (purchase method).

**G. Prepaid Items**

Any payments made to vendors on or before June 30, 2018, for services performed or received after that date are recorded as prepaid items.

**H. Restricted Assets**

Net position is reported as restricted on the entity-wide statements when constraints placed on net position use are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or, (b) imposed by law through constitutional provisions or enabling legislation. As an example, certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

On the fund financial statements, cash is often restricted to a particular use due to statutory or budgetary requirements and is classified as “restricted cash” on the balance sheet.

**I. Capital Assets**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. In the government-wide financial statements and in the fund financial statements for proprietary funds, capital asset expenditures are treated as capital assets. Capital assets include property, plant, equipment and infrastructure assets, e.g., roads, bridges, sidewalks, and similar items.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to July 1, 2001, governmental funds’ infrastructure assets were not capitalized. The GASB statement No. 34 requires a capitalization of infrastructure, but permitted an optional four-year delay for implementation of the infrastructure capitalization. The implementation of this portion of GASB No. 34 was not delayed for the majority of the City’s assets. Most of the City’s assets (with acquisition dates as far back as June 30, 1980) were valued at actual historical cost (when available) or estimated historical cost and capitalized in the 2002 fiscal year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets in business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Asset	Years
Building improvements	20
Building (New)	40
Bridges	60
Electronic Equipment	5
Energy Infrastructure	30
Land Improvements	20
Machinery & Equipment	7
Roads	20
Sidewalk	50
Trails	10
Traffic Singals	30
Vehicles	5
Storm Water Infrastructure	75
Water Infrastructure	75
Waste Water Infrastructure	75

**J. Compensated Absences**

City policy provides for employees to be paid 100 percent of the unused portion of vacation leave and 25 percent of the unused portion of sick leave (except employees with 20 years or more of full-time service receive 50 percent), when they retire or terminate employment. In the entity-wide statements and the proprietary funds, a provision has been made to account for all of the earned, unused vacation leave and sick pay that would be paid to an employee if he or she were to leave the City on June 30, 2018. The number of years of service determines whether the employee will receive 25 percent or 50 percent of unused sick pay balance. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**K. Deferred Inflows and Outflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and is therefore deferred until that time. The City recognizes deferred inflows of resources related to pensions.

Governmental funds report revenue that is unavailable as deferred inflows of resources, which primarily includes unavailable revenue from property taxes and loans receivable. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period, and is therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City also recognizes deferred outflows of resources related to pensions.

**L. Long-term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of accrued compensated absences, bonds payable and capital leases.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and the payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**M. Fund Equity**

In the fund financial statements, governmental funds report fund balance as restricted for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assigned fund balances represent tentative management plans that are subject to change. Unassigned fund balances are available for appropriation by the City's governing council. The GASB issued statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, to address issues related to how governmental fund balance was being reported. Statement 54 requires governments to disclose additional detail regarding the purposes of restrictions, commitments, and assignments, if the required level of detail is not met through display on the face of the balance sheet. For more information, refer to Note 14.

**N. Bond Discounts/Issuance Costs**

In the government-wide statements, bond discounts/premiums are deferred and amortized over the life of the bonds. Bond issuance costs are reported as an expense of the current period. Refundings of debt result in deferred gains or losses and are reported as deferred inflows and outflows of resources.

For governmental fund types in the fund financial statements, the bond discounts/premiums, along with all debt issuance costs, are reported as other financing sources/uses.

**O. Estimates**

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

**P. Use of Restricted/Unrestricted Net Position**

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Q. 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 Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The City maintains detailed accounting records for individual funds, and it also maintains a cash and investment pool that is available for use by all funds, thereby maximizing the interest earnings for all funds. Each fund type's portion of this pool is included in the statement of net position as "Cash" and "Restricted Cash." Also included are deposits and investments held by the Trustees on various bond issues. The basis of investments is cost. Deposits and investments are not required to be collateralized by state statute.

There are no restrictions or material differences in the types of investments that can be made for different funds, fund types or component units, provided such investments meet the requirements of the Utah Money Management Act. According to the general indenture instructions for all outstanding bond issues, bond proceeds may be invested and reinvested in investment securities that mature no later than the date on which the monies on deposit therein will be needed for the purposes of such funds. Investments of monies in Debt Service Reserve Accounts must mature no later than five years from the date of such investments.

**A. Custodial Credit Risk**

The City follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. The City policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2018, \$7,437,346 of the City's bank balance of \$7,687,346 was uninsured and uncollateralized.

**B. Credit Risk**

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah code) in handling its depository and investing transactions. City funds are deposited in qualified depositories as defined by the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an Investment Company and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the par-

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

participants' average daily balances. The city's fair value of its position in the pool is the same as the value of the pool shares.

For the year ended June 30, 2018, the City had investments of \$111,441,504 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

**C. 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 manages its exposure to declines in fair value by following Provo City Investment Policy and adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the portion of availability of the funds to be invested.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 3—RECEIVABLES**

Accounts receivable are recorded in the general, special revenue, capital projects and enterprise funds. Customer Service provides the billing service for all utility funds operated by Provo City. This includes Energy, Water, Waste Water, Sanitation and Storm Drain. Each fund reports its own receivables and its pro-rata share of uncollectible accounts receivable. Adjustments to allowance for doubtful accounts increase or decrease the related revenue accounts.

Property taxes are levied on January 1, giving the City legal claim on that date. The taxes are due on November 1 and are delinquent after November 30 of each year. Property taxes are collected by the Utah County Treasurer and remitted to the City shortly after collection. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as unearned revenue.

Property taxes that were levied on January 1 of 2018 and are due in November of 2018 are budgeted for the 2019 fiscal year. Even though they are intended to fund the 2018 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered as susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when cash is received by the City. The revenue recognized on these receivables is deferred until the cash is collected in the governmental fund statements.

The City has several lending programs intended to revitalize neighborhoods and business districts. These programs are funded through state and federal grants. The loans to citizens and businesses represent the majority of the notes receivable balance on the financial statements.

Accounts receivable and the associated allowances for uncollectible accounts, at June 30, 2018, consist of the following:

**Governmental Funds**

	General	Nonmajor Funds	Total
Receivables	\$ 11,269,416	\$ 10,556,684	\$ 21,826,100
Less: allowance for uncollectibles	<u>(450,329)</u>		<u>(450,329)</u>
Net total receivables	<u>\$ 10,819,087</u>	<u>\$ 10,556,684</u>	<u>\$ 21,375,771</u>
Increase (decrease) Revenue related to uncollectibles	\$ (229,450)	\$ -	\$ (229,450)

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 3 - RECEIVABLES (continued)**

**Proprietary Funds**

	Water	Wastewater	Energy	Airport	Nonmajor Funds	Total
Receivables	\$ 2,723,643	\$ 1,313,032	\$ 9,755,807	\$ 1,867,624	\$ 1,287,326	\$ 16,947,432
Less: allowance for uncollectibles		(18,379)			- \$ (25,232)	
Net total receivables	<u>\$ 2,685,095</u>	<u>\$ 1,294,653</u>	<u>\$ 9,594,232</u>	<u>\$ 1,867,624</u>	<u>\$ 1,262,094</u>	<u>\$ 16,703,698</u>
Increase (decrease)						
Revenue related to uncollectibles	\$ (1,895)	\$ 3,840	\$ 5,173	\$ -	\$ (852)	\$ 6,266

Loans receivable and the associated allowances for uncollectible accounts, at June 30, 2018, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business & citizen assistance loans	\$ 21,075,405	\$ -	\$ 21,075,405
Less: allowance for uncollectibles	(856,040)	-	(856,040)
Net total notes receivable	<u>\$ 20,219,365</u>	<u>\$ -</u>	<u>\$ 20,219,365</u>

Governmental funds report revenue in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period (unavailable) as deferred inflows of resources. At the end of June 30, 2018, the various components of deferred inflows of resources in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>
Property tax receivable (general fund)	\$ 4,765,300
Property tax receivable (library fund)	3,456,603
Property taxes (debt service fund)	2,855,118
Ambulance Billing	286,122
Central Billing	2,114,855
Special Improvement Assessment Billing	13,943
Notes Receivable	1,404,132
	<u>\$ 14,896,073</u>



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

The following table shows the capital asset activity for the year ended June 30, 2018:

	Beginning <u>Balance</u>	Transfer and <u>reclasses</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 172,290,452	\$ -	\$ -	\$ -	\$ 172,290,452
Land Easement	200,983	-	-	-	200,983
Construction in progress	3,973,378	-	4,975,566	(629,386)	8,319,558
	<u>176,464,813</u>	<u>-</u>	<u>4,975,566</u>	<u>(629,386)</u>	<u>180,810,993</u>
Capital assets being depreciated:					
Machinery and equipment	47,588,230	-	6,388,280	(971,457)	53,005,053
Library collection	5,797,720	-	214,173	-	6,011,893
Buildings	99,279,620	-	91,418	-	99,371,038
Land improvements	18,171,053	-	400,012	-	18,571,065
Infrastructure:					
Traffic signals	8,046,355	-	51,312	-	8,097,667
Fiber optic	985,123	-	-	-	985,123
Noise wall	892,483	-	-	-	892,483
Bridges	14,094,704	-	-	-	14,094,704
Roads	133,575,817	-	2,540,097	-	136,115,914
Sidewalks and trails	28,437,605	-	856,216	-	29,293,821
Total	<u>356,868,710</u>	<u>-</u>	<u>10,541,508</u>	<u>(971,457)</u>	<u>366,438,761</u>
Less accumulated depreciation for:					
Machinery and equipment	(33,682,256)	-	(4,562,197)	835,827	(37,408,626)
Library collection	(5,759,293)	-	(6,405)	-	(5,765,698)
Buildings	(36,961,883)	-	(2,211,661)	-	(39,173,544)
Land improvements	(5,857,511)	-	(907,967)	-	(6,765,478)
Infrastructure:					
Traffic signals	(3,571,271)	-	(256,935)	-	(3,828,206)
Fiber Optic	(971,405)	-	(3,726)	-	(975,131)
Noise Wall	(157,452)	-	(43,757)	-	(201,209)
Bridges	(4,681,324)	-	(234,916)	-	(4,916,240)
Roads	(79,401,047)	-	(6,631,308)	-	(86,032,355)
Sidewalks and trails	(13,876,082)	-	(641,682)	-	(14,517,764)
Total	<u>(184,919,524)</u>	<u>-</u>	<u>(15,500,554)</u>	<u>835,827</u>	<u>(199,584,251)</u>
Total capital assets, being depreciated, net	<u>171,949,186</u>	<u>-</u>	<u>(4,959,046)</u>	<u>(135,630)</u>	<u>166,854,510</u>
Governmental activities capital assets, net	<u>\$ 348,413,999</u>	<u>\$ -</u>	<u>\$ 16,520</u>	<u>\$ (765,016)</u>	<u>\$ 347,665,503</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4 - CAPITAL ASSETS (continued)**

Capital asset activity for the year ended June 30, 2018, continued:

	<u>Beginning Balance</u>	<u>Transfers and reclasses</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 19,941,979	\$ -	\$ 9,254,198	\$ (15,746,319)	\$ 13,449,858
Water Stock	2,420,927	-	-	-	2,420,927
Land	42,697,635	4,380,100	-	-	47,077,735
Total	<u>65,060,541</u>	<u>4,380,100</u>	<u>9,254,198</u>	<u>(15,746,319)</u>	<u>62,948,520</u>
Capital assets being depreciated:					
Machinery and equipment	19,554,700	849,324	1,665,760	-	22,069,784
Buildings & Building Improvements	126,685,071	11,419,406	-	(26,393,865)	111,710,612
Land improvements	50,543,183	-	160,256	-	50,703,439
Infrastructure:					
Storm Drain	33,782,662	-	2,487,892	-	36,270,554
Water Lines	53,334,959	-	18,247,663	-	71,582,622
Sewer Lines	24,848,566	-	4,577,368	-	29,425,934
Energy	76,029,935	-	57,210	-	76,087,145
Total	<u>384,779,076</u>	<u>12,268,730</u>	<u>27,196,149</u>	<u>(26,393,865)</u>	<u>397,850,090</u>
Less accumulated depreciation for:					
Machinery and equipment	(11,931,417)	(298,879)	(3,153,571)		(15,383,867)
Buildings	(78,688,862)	(5,079,600)	(1,947,397)	22,976,138	(62,739,721)
Land improvements	(29,273,318)	-	(1,796,522)		(31,069,840)
Infrastructure:					
Storm drain	(16,580,648)	-	(309,547)		(16,890,195)
Water lines	(20,131,865)	-	(720,364)		(20,852,229)
Sewer lines	(11,588,248)	-	(331,306)		(11,919,554)
Energy	(30,711,739)	-	(1,984,770)		(32,696,509)
Total	<u>(198,906,097)</u>	<u>(5,378,479)</u>	<u>(10,243,477)</u>	<u>22,976,138</u>	<u>(191,551,915)</u>
Total capital assets, being depreciated, net	<u>185,872,979</u>	<u>6,890,251</u>	<u>16,952,672</u>	<u>(3,417,727)</u>	<u>206,298,175</u>
Business-type activities capital assets, net	<u>\$ 250,933,520</u>	<u>\$ 11,270,351</u>	<u>\$ 26,206,870</u>	<u>\$ (19,164,046)</u>	<u>\$ 269,246,695</u>

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

Governmental activities:	
General government	\$ 860,614
Public safety	1,654,400
Public services	2,063,279
Community revitalization	8,447,905
Culture and recreation	2,474,356
Total depreciation expense - governmental activities	<u>\$ 15,500,554</u>
Business-type activities	
Golf Course	\$ 190,148
Water	1,681,089
Sewer	1,225,343
Energy	4,430,745
Airport	1,976,763
Sanitation	8,226
Storm drain	328,076
Ice Sheet	403,087
Total depreciation expense - business-type activities	<u>\$ 10,243,477</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 5 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Accordingly, the City insures against these risks of loss as part of a comprehensive risk management program. To protect the City from general liability exposure, the City either self-insures or purchases commercial excess liability insurance and property/equipment insurance, including earthquake coverage. The City is fully insured for workers compensation. The City accounts for risk management activities through an internal service fund.

The City has not incurred claims settlements in excess of insurance coverage for the past three years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact science as it depends on many factors including professional judgment, changes in legal doctrines, and damage awards. The estimate of the claims liability includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense. Estimated recoveries, such as salvage or subrogation, are included in the estimate for the claims liability.

The following schedule is a reconciliation of the changes in the aggregate claims liability for the City from the prior fiscal year to the current fiscal year:

Aggregate Claims Liability	Beginning Balance	Claims Accrued	Claims Paid	Ending Balance
2018	\$300,000	\$856,653	(\$856,653)	\$300,000
2017	\$300,000	\$485,746	(\$485,746)	\$300,000

**NOTE 6 - OPERATING LEASES**

The City entered into an operating lease agreement for the premises where the Provo City Justice Court is located. Consistent with the terms of the Justice Court operating lease agreement, the City paid \$137,182 of lease payments during fiscal year 2018.

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2019	139,953
Total minimum lease payments	<u>\$ 139,953</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 7- CAPITAL LEASES**

The City has entered into a lease agreement, as lessee, for financing the acquisition of software and related equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Original Principal</u>	<u>Interest Rate</u>
Harris ERP Software and Equipment	\$ 5,500,000	1.68%
Fire Apparatus	\$ 2,040,000	2.17%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

**Governmental activities**

Lease payment

	<u>Totals</u>
2019	\$ 1,116,676
2020	1,116,676
2021	1,116,676
2022	1,116,676
2023	1,116,676
2024-2025	<u>561,130</u>
Total minimum lease payments	6,144,510
Less amount representing interest	<u>(347,008)</u>
Present Value of minimum lease payments	5,797,502
Amount due within one year	<u>1,013,608</u>
Amount due after one year	<u><u>\$ 4,783,894</u></u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8 - LONG-TERM DEBT**

*General Obligation Bonds*

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In 2011, the City issued \$39,000,000 of Series 2011 general obligation bonds to construct the Provo Recreation Center. During fiscal year 2018, the City issued \$24,550,000 of advanced refunding bonds that defeased the Series 2011 general obligation bonds (see below). As of June 30, 2018, \$24,550,000 of the defeased debt remained outstanding. These general obligation bonds have been issued for governmental activities.

*Refunded General Obligation Bonds*

During fiscal year 2018, the City completed an advance refunding of the general obligation bonds that were issued in 2011 to fund the construction of the Provo Recreation Center. The City issued \$24,550,000 of general obligation refunding bonds to purchase U.S Government securities that service payment on \$24,550,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$3,090,995 and resulted in an economic gain of \$2,634,448.

*Revenue Bonds*

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Current total revenue bonds have been issued in the amount of \$52,565,000 for business-type activities and \$43,934,000 for governmental activities.

In November of 2017, the City issued \$4,975,000 of Series 2017 Sales Tax Revenue Bonds to fund improvements at the Provo Municipal Airport. The Series 2017 Sales Tax Revenue Bonds are classified as new business-type activity bonds. The outstanding balance as of June 30, 2018 is \$4,975,000.

*Conduit Debt*

In April of 2007, \$10,750,000 of Education bonds were issued in the name of the City to construct a new education facility located in Provo. The borrower is the Provo Freedom Academy. The outstanding balance on June 30, 2018 is \$8,840,000.

In October of 2009, \$9,000,000 of Industrial Development Revenue bonds were issued in the name of the City to construct a new manufacturing facility located in Provo. The borrower is Action Commercial Park, LLC. The bonds were repaid in full in March of 2018.

In October of 2011, authorization was given by the City council to provide a conduit revenue bond issuance in the amount of \$2,200,000 to the Friends of the Coalition Project to refinance the costs of acquiring and constructing the Food and Care Coalition building. The outstanding balance on June 30, 2018 is \$211,525.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8 - LONG TERM DEBT (continued)**

The bonds are special limited obligations of the City payable solely from the trust estate established under indenture. The bonds do not and shall not represent, constitute or give rise to a general obligation or liability of the City or a charge against the general credit or taxing power of the City, the State of Utah, or any political subdivision thereof.

**Governmental activities**

	G.O. Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,750,000	\$ 1,410,050	\$ 2,252,000	\$ 1,244,486	\$ 4,002,000	\$ 2,654,536
2020	1,820,000	1,340,050	2,406,000	1,124,114	4,226,000	2,464,164
2021	1,890,000	1,267,250	2,535,000	995,665	4,425,000	2,262,915
2022	1,760,000	1,191,650	2,673,000	860,312	4,433,000	2,051,962
2023	1,825,000	1,121,250	2,817,000	717,551	4,642,000	1,838,801
2024-2028	10,505,000	4,242,250	10,073,000	1,290,834	20,578,000	5,533,084
2029-2033	10,460,000	1,339,500	729,000	118,306	11,189,000	1,457,806
2034	-	-	163,000	6,308	163,000	6,308
	<u>\$ 30,010,000</u>	<u>\$ 11,912,000</u>	<u>\$ 23,648,000</u>	<u>\$ 6,357,576</u>	<u>\$ 53,658,000</u>	<u>\$ 18,269,576</u>

Principal and interest requirements to retire the City's long-term obligations:

Current Portion

Bonds	\$ 4,002,000
Leases	<u>1,013,608</u>
Total Current portion	<u>5,015,608</u>

Long-term Portion

Bonds	49,656,000
Leases	<u>4,783,894</u>
Total Long-term portion	<u>54,439,894</u>
Grand Total	59,455,502
Unamortized amounts-premium (discount)	5,481,724
Less: Leases	<u>5,797,502</u>
Grand Total	<u>\$ 70,734,728</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8 - LONG-TERM DEBT (continued)**

**Business-type activities**

	Revenue Bond	
	Principal	Interest
2019	\$ 2,095,000	\$ 1,699,248
2020	2,300,000	1,614,661
2021	2,525,000	1,518,210
2022	2,620,000	1,409,473
2023	2,725,000	1,294,872
2024-2028	12,135,000	4,788,663
2029-2033	13,695,000	2,502,642
2034-2035	5,735,000	303,900
	\$ 43,830,000	\$ 15,131,669

Current Portion	
Bonds	\$ 2,095,000
Long-term Portion	
Bonds	41,735,000
Grand Total	43,830,000
Unamortized amounts-premium (discount)	3,326,092
Grand Total	\$ 47,156,092

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 8 - LONG-TERM DEBT (continued)**

Long-term debt activity for the year ended June 30, 2018, was as follows:

	Balance			Balance June 30, 2018	Amount Due 2019
	June 30, 2017	Increases	(Decreases)		
<b>Governmental activities</b>					
Bonds Payable:					
General obligation bonds:					
G.O. 2011 Rec Center Bond	\$ 34,170,000	-	(28,710,000)	5,460,000	1,750,000
G.O. 2011 Rec Center unamortized	696,822	-	(530,500)	166,322	-
G.O. 2017 Rec Center Refunding Bond	-	24,550,000	-	24,550,000	-
G.O. 2017 Rec Center Refunding unamortized	-	5,526,994	(291,844)	5,235,150	-
Revenue Bonds:					
Telecom 2004 Sales Tax Bonds (2.54-5.42%)	22,440,000	-	(2,005,000)	20,435,000	2,110,000
Telecom 2004 Sales Tax Bonds unamortized	(90,283)	10,031	-	(80,252)	-
2006 Increment bond	1,270,000	-	(50,000)	1,220,000	50,000
2014 Cemetery Bond	2,082,000	-	(89,000)	1,993,000	92,000
Total Governmental Fund Bonds	<u>60,568,539</u>	<u>30,087,025</u>	<u>(31,676,344)</u>	<u>58,979,220</u>	<u>4,002,000</u>
Capital Leases	6,793,165	-	(995,663)	5,797,502	1,013,608
Accrued Compensated Absences	6,428,404	9,094,540	(8,746,983)	6,775,961	2,032,788
<b>Total Governmental activity</b>					
<b>Long-term liabilities</b>	<u>\$ 73,790,108</u>	<u>\$ 39,181,565</u>	<u>\$(41,418,990)</u>	<u>\$ 71,552,683</u>	<u>\$ 7,048,396</u>
	Balance			Balance June 30, 2018	Amount Due 2019
	June 30, 2017	Increases	(Decreases)		
<b>Business-type activities</b>					
Revenue Bonds:					
Stormwater 2010A Refunding Bonds (2.0-3.0%)	695,000	-	(595,000)	100,000	100,000
2010 unamortized	10,211	-	(5,325)	4,886	-
Stormwater 2010B Taxable BAB (4.38-5.0%)	3,850,000	-	-	3,850,000	510,000
2010 unamortized	4,247	-	(614)	3,633	-
Water Revenue Bonds 2015A (2.0-4.0%)	10,030,000	-	(385,000)	9,645,000	400,000
2015A unamortized	1,178,052	-	(67,000)	1,111,052	-
Wastewater Revenue Bonds 2015A (2.0-4.0%)	8,360,000	-	(320,000)	8,040,000	335,000
2015A unamortized	986,927	-	(56,129)	930,798	-
Energy System Revenue Bonds 2015A (2.0-3.25%)	17,955,000	-	(735,000)	17,220,000	750,000
2015A unamortized	788,424	-	(44,841)	743,583	-
2017 Sales Tax Revenue Bonds	-	4,975,000	-	4,975,000	-
2017 Sales Tax Revenue Bonds unamortized	-	553,952	(21,811)	532,141	-
Total Business-type Bonds	<u>43,857,861</u>	<u>5,528,952</u>	<u>(2,230,720)</u>	<u>47,156,093</u>	<u>2,095,000</u>
Accrued Compensated Absences	1,986,216	2,676,734	(2,589,502)	2,073,448	622,034
<b>Total Business-type</b>					
<b>Long-term liabilities</b>	<u>\$ 45,844,077</u>	<u>\$ 8,205,686</u>	<u>\$(4,820,222)</u>	<u>\$ 49,229,541</u>	<u>\$ 2,717,034</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$300,014 of internal service funds compensated absences were included in the above amounts. Also, governmental activities, claims and judgments and compensated absences have generally been liquidated by the general fund in prior years.



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 9 - INTERFUND TRANSFERS**

**Transfers to/From other Funds:**

<b><u>Transfer to Governmental</u></b>	<b><u>Transfer from</u></b>	<b><u>Transfer from Governmental Funds</u></b>	<b><u>Transfer to</u></b>
General Fund	Engineering CIP \$ 50,000	General Fund	Parks CIP \$ 1,277,460
General Fund	Water 1,565,265	General Fund	Golf Course 111,936
General Fund	Wastewater 1,229,616	General Fund	Airport 482,960
General Fund	Energy 7,521,006	General Fund	Customer 101,176
General Fund	Sanitation 540,115	General Fund	Debt Service 253,830
General Fund	Storm Drain 530,454		
General Fund	Debt service 384,226		
<b>Total transferred to General Fund</b>	<b><u>\$ 11,820,682</u></b>	<b>Total transferred from General Fund</b>	<b><u>\$ 2,227,362</u></b>
<b><u>Transfer to Other Govern-</u></b>	<b><u>Transfer from</u></b>	<b><u>Transfer from Other Governmental Funds</u></b>	<b><u>Transfer To</u></b>
Debt Service	Water 150,627	Debt Service	General Fund \$ 384,226
Debt Service	Wastewater 94,500	Debt Service	General CIP 169,902
Debt Service	Energy 3,551,927	Debt Service	Vehicle Man- 125,000
Debt Service	Sanitation 66,500	Engineering CIP	General Fund 50,000
Debt Service	General CIP 169,902		
Debt Service	Storm Drain 45,500		
Debt Service	General Fund 253,830		
Parks CIP	General Fund 1,277,460		
<b>Total transferred to Other Gov. Funds</b>	<b><u>5,610,246</u></b>	<b>Total transferred from Other Gov. Funds</b>	<b><u>729,128</u></b>
<b>Total transferred to Governmental Funds</b>	<b><u>\$ 17,430,928</u></b>	<b>Total transferred from Governmental Funds</b>	<b><u>\$ 2,956,490</u></b>
<b><u>Transfer To Internal Service</u></b>	<b><u>Transfer From</u></b>	<b><u>Transfer from Internal Service</u></b>	<b><u>Transfer To</u></b>
Customer Service	General Fund \$ 101,176		
Vehicle Manage-	Debt Service 125,000		
<b>Total transferred to Internal Service</b>	<b><u>\$ 226,176</u></b>	<b>Total transferred from Internal Service</b>	<b><u>\$ -</u></b>
<b><u>Transfers to Enterprise Funds</u></b>	<b><u>Transfers from</u></b>	<b><u>Transfers from Enterprise Funds</u></b>	<b><u>Transfers to</u></b>
Golf Course	General Fund \$ 111,936	Water	General Fund \$ 1,565,265
Water	Wastewater 583,820	Water	Debt Service 150,627
Airport	General Fund 482,960	Water	Airport 76,000
Airport	Water 76,000	Wastewater	General Fund 1,229,616
Ice Sheet	Utah County 5,961,881	Wastewater	Debt Service 94,500
		Wastewater	Water 583,820
		Energy	General Fund 7,521,006
		Energy	Debt Service 3,551,927
		Sanitation	General Fund 540,115
		Sanitation	Debt Service 66,500
		Storm Drain	General Fund 530,454
		Storm Drain	ERP Debt 45,500
<b>Total transferred to Enterprise Funds</b>	<b><u>\$ 7,216,597</u></b>	<b>Total transferred from Enterprise Funds</b>	<b><u>\$ 15,955,330</u></b>
<b>Total transfers to all Funds</b>	\$ 24,873,701		
<b>Total transfers from all Funds</b>	18,911,820		
	<b><u>\$ 5,961,881*</u></b>		

\* In the Fund statements, there is a difference in interfund transfers of \$5,961,881. The difference relates to a transfer of assets from Utah County.

\*\*Note: The transfer amounts can be found in the other financing sources (uses) section of the statement of revenues, expenditures and changes in fund balance for all funds.

Transfers between the business-type activities and the governmental activities totaled \$8,738,733 per the statement of activities.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10 - CONTINGENT LIABILITIES**

The City is involved in litigation arising from the normal course of business activity. It is not possible to determine the ultimate liability, if any, in these matters. The opinion of management is that such litigation will have no material effect on the financial statements of the City.

The City has an insurance policy for public liability and property damage with various deductibles. A separate fund has been established for the purpose of pooling the financial resources of the City and paying the deductible for claims.

The City purchased 64.11 percent of the energy sold by Utah Municipal Power Agency (UMPA) to its member cities. The City is obligated to pay a proportionate share of all operating, maintenance, debt service and any other costs incurred by UMPA based on the City's energy purchases.

The City participates in Federal Grant programs that are audited in accordance with the audit requirements for federal awards (uniform guidance).

A-133. These grants are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. In the opinion of management, future disallowances of current grant program expenditures, if any, will be immaterial.

As of June 30, 2018, the City was involved in litigation dealing with five liability cases. It is the opinion of the City's legal department that the estimated liability is \$300,000 if damages are awarded on the remaining cases.

**NOTE 11 - JOINT VENTURES**

**The Utah Municipal Power Agency (UMPA)** was created jointly as a separate legal entity and political subdivision of the State of Utah by an agreement dated September 17, 1980, pursuant to the provisions of the Utah Interlocal Cooperation Act. UMPA's membership consists of six municipalities. UMPA's purposes include planning, financing, development, acquisition, construction, improvement, betterment, operation or maintenance of projects for the generation, transmission and distribution of electric energy for the benefit of the member municipalities. The City purchased 64.11 percent of the energy sales of the Agency to member cities in the current fiscal year and 61.37 percent of all energy sales of the Agency. UMPA billed Provo City \$48,679,837 for energy.

Under the terms of the S-1 Power Sales Agreement, the members are obligated to pay their proportionate share, based on energy purchases, of all operation and maintenance expenses and debt service on the revenue bonds incurred by UMPA. Furthermore, they are obligated to purchase all of their energy needs from the Agency.

UMPA is governed by a six member board composed of the Mayor of each city. Despite the imbalance in proportionate share of energy consumption, a majority vote is needed to approve any significant activity. Below is a summary of the financial position of UMPA:

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 11 - JOINT VENTURES (continued)**

At June 30, 2018

Total assets	\$ 186,920,130
Total liabilities	<u>(186,916,780)</u>
Total net position	<u>\$ 3,350</u>

For the Year Ended June 30, 2018

Operating revenues	\$ 79,523,349
Operating expenses	<u>(72,299,913)</u>
Income from operations	7,223,436
Net non-operating revenues (expenses)	(2,712,477)
Transfer in of generation assets*	11,343,675
Deferred inflow of resources adjustment*	<u>(15,854,634)</u>
Change in net position	<u>\$ -</u>

Complete financial statements for the agency may be obtained at Utah Municipal Power Agency, 696 West 100 South, Spanish Fork, UT 84660.

**The South Utah Valley Solid Waste District (the District)** was created May 11, 1989, for the purpose of building and operating a landfill and transfer station. The District's membership consists of seven municipalities. The City made an initial investment of \$4,651,000, or 54 percent of the costs, to construct the facilities.

Participants and their percentage shares

Springville City	15.00%
Provo City	69.75%
Spanish Fork City	11.75%
Mapelton City	2.00%
Salem City	1.50%
Woodland Hills	0.00%
Goshen Town	<u>0.00%</u>
	<u>100.00%</u>

A seven-member board composed of the Mayor of each city governs the District. A voting majority of Provo City and at least one other board member or a voting majority of all board members excluding Provo City is needed to approve any significant activity. The City paid the District \$1,746,541 for user fees for the fiscal year ended June 30, 2018.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 11 - JOINT VENTURES (continued)**

Below is a summary of the financial position of the District as of June 30, 2018:

At June 30, 2018

Total assets	\$ 14,229,437
Deferred outflows	289,010
Total liabilities	(748,398)
Deferred inflows	(384,694)
Total net position	\$ 13,385,355

For the Year Ended June 30, 2018

Total operating revenue	\$ 7,030,445
Total operating expenses	(6,055,480)
Nonoperating revenue and expense	443,750
Change in net position	\$ 1,418,715

In fiscal 2018, the city made an entry of \$987,163 to account for the city's net gain/(loss). The City is currently showing an investment in this joint venture in the amount of \$9,336,285.

Complete financial statements for the District may be obtained at South Utah Valley Solid Waste District, 2450 West 400 South, Springville, UT 84663.

**The South Utah Valley Animal Services Special Services District (the District)** is a political subdivision of the State of Utah organized June 2003 for the purpose of animal control and animal shelter services to the residents of Southern Utah County, Utah. The District's membership consists of nine municipalities and Utah County. The City made an initial investment of \$20,888 or 42 percent of the startup costs, to operate the facility.

An eleven-member board governs the District. Each city included within the boundaries of the District may appoint a member to the board. Each member of the board has one vote. A majority vote of the members present is necessary to approve any agenda item before the board. The City paid the District \$74,667 for operating costs in fiscal 2018.

Below is a summary of the financial position of the District:

At June 30, 2018

Total assets	\$ 181,511
Deferred outflows	41,608
Total liabilities	(76,347)
Deferred inflows	(27,408)
Total Net Position	\$ 179,311

For the Year Ended June 30, 2018

Total operating revenue	\$ 562,611
Total operating expenses	(623,485)
Nonoperating revenue	927
Change in net position	\$ (59,947)

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 11 - JOINT VENTURES (continued)**

Complete financial statements for the District may be obtained at South Utah Valley Animal Services Special Service District, 582 West 3000 North, Spanish Fork, UT 84660.

**The Provo City/Utah County Ice Sheet Authority** was created March 19, 1996, as a joint venture between Provo City and Utah County for the purpose of financing, constructing, maintaining and operating an Olympic ice sheet to be constructed at the Seven Peaks property in Provo, Utah.

In June of 2018, the Ice Sheet Authority was dissolved, leaving Provo City the sole operator of the facility, with Utah County maintaining their ownership of a portion of the real property and being responsible for an annual contribution of \$50,000 until 2027.

As of June 30, 2018 the portion of the real property Utah County owns is contractually valued at \$4,950,000. However, if the City sells the facility, Utah County's ownership interest may be satisfied by paying to the County the lesser of (a) \$4,950,000 and (b) half of the sale proceeds. Additionally, the value of the County's ownership interest may be reduced by 50% of the value of capital improvements financed by Provo City down to a minimum value of \$2,475,000. This value is only payable to the County at the end of 50 years or should the City decide to liquidate the property, which, for the foreseeable future, there are no plans to do.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description.** In addition to the pension benefits described in Note 13, the City provides post-retirement health care and life insurance benefits in accordance with City policy, to all employees who retire from the City upon completing the requirements for the retirement plan participated in as detailed in Note 13. Currently there are 87 retirees who meet those requirements. The City pays the retirees' health care and life insurance premiums on a pay-as-you-go basis. The spouse is required to pay the entire premium. Terminated employees under the COBRA Act are allowed to purchase the same insurance policy at their own expense for a period of 18 months. The City paid \$1,519,941 in premiums for retirees during the fiscal year ended June 30, 2018.

**Funding Policy.** Full-time regular employees who commenced full time employment with the City before July 1, 1987, may continue to participate in the City medical insurance program after retirement, according to the terms of the current medical insurance program and State Retirement regulations, for themselves and their dependents, by paying the same amount as if they were not retired. Full-time regular employees who commenced full time employment with the City after July 1, 1987, may continue to participate in the City medical insurance program after retirement for themselves and their dependents by paying the full premium cost according to the terms of that current program and the State Retirement regulations. Retired employees who maintain continuous coverage may do so until they reach the age 65 or are eligible for Medicare, whichever comes first. Retired employees who drop medical coverage participation may not be reinstated.

Spouses of retirees hired as full-time employees before July 1, 1987, who are under the age 65, may continue health insurance coverage once their retired spouse has reached age 65 by paying the full premium cost according to the terms of the current City medical insurance program. The spouse must apply for such coverage at the time the retired employee reaches age 65. The spouse may retain such coverage until he/she is age 65 or is eligible for Medicare.

If a Provo City employee hired as a full-time employee before July 1, 1987, dies while still in active service with the City, or after retirement, the spouse under age 65 and eligible dependents may continue medical insurance coverage under the terms of the current program until age 65 so long as he/she does not qualify for coverage with another employer. Provo City will pay a contribution of fifty percent (50%) of the premium for single or family coverage according to the terms of the program currently offered until the spouse reaches age 65, is covered by another employer, or is eligible for Medicare.

If an active employee hired as a full-time employee before July 1, 1987, terminates from Provo City employment with a certified medical disability retirement resulting from a job related injury or illness, the employee may continue coverage under the City medical insurance program currently offered for himself/herself and all eligible dependents. In such cases, the retiree on disability will pay the same amount as if they were an active full-time employee according to the terms of that current program to age 65, so long as the retiree on disability does not qualify for coverage with another employer or is eligible for Medicare.

Full-time regular employees who commenced full time employment with the City after July 1, 1987, and are terminating with a certified medical disability retirement resulting from a job related injury may continue to participate in the City medical insurance program after their disability retirement. In such cases, the retiree on disability will pay the full premium cost according to the terms of that current program to age 65. Employees on disability retirement who drop insurance coverage participation may not be reinstated.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Spouses of retirees on disability hired before July 1, 1987, who are under age 65, may continue health insurance coverage once their spouse on disability has reached age 65 by paying the full premium cost according to the terms of the current City medical insurance program. The spouse must apply for such coverage at the time the retired employee on disability reaches age 65. The spouse may retain such coverage until he/she is age 65 or is eligible for Medicare. If the disabled retiree, who was hired as a full-time employee before July 1, 1987, dies before age 65, the spouse under age 65 and eligible dependents may continue coverage under the City medical insurance program according to the terms of that current program until the spouse reaches age 65, qualifies for coverage with another employer, or becomes eligible for Medicare. Provo City will pay a contribution of fifty percent (50%) of the premium for single or family coverage according to the terms of the program currently offered until the spouse reaches age 65 or is covered by another employer or is eligible for Medicare.

As of June 30, 2018, the date of the latest actuarial valuation, approximately 636 active employees (21 Pre-07/01/87 and 615 Post-07/01/87) and 87 inactive (retired) employees are receiving health insurance benefits from the City.

*Actuarial methods and assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of events far in the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. In the June 30, 2018 actuarial valuation the following assumptions were made:

	Actuarial Assumptions
Liability Measurement Method	Valuation date June 30, 2017
Actuarial cost method	Present Value of Benefits
Amortization method	Straight-line
Discount Rate	3.56%
Inflation rate	2.50%
Asset valuation method	N/A*
Interest rate	3.56%
Projected health insurance cost increases	6.8% for FY17-18
	6.9% for FY18-19
	6.3% for FY19-20
	5.2% for FY20-48
	4.1% for FY49+
Projected dental cost increases	4.0% for all future years

\* The city has no actuarial value of assets due to the City's pay-as-you-go accounting.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

***Change in Total OPEB Liability***

**Net OPEB Liability**

Total OPEB Liability at June 30, 2017	<u>\$ 10,211,150</u>
Activity during the year	
Service Cost	81,513
Interest	277,968
Changes of Assumptions	(174,810)
Benefit payments	<u>(1,574,682)</u>
<b>Net Change</b>	<u>(1,390,011)</u>
Total OPEB Liability at June 30, 2018	<u>\$ 8,821,139</u>

***Sensitivity of the NET OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates***

The following presents the OPEB Liability if it were calculated using a discount rate one-percentage-point higher (4.56%) and one-percentage-point lower (2.56%) than the current discount rate:

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
1% decrease in Discount Rate (2.56%)	\$ 9,117,943	\$ -	\$ 9,117,943
Current Discount Rate (3.56%)	8,821,139	-	8,821,139
1% increase in Discount Rate (4.56%)	8,533,692	-	8,533,692

The following presents the OPEB Liability if it were calculated using a trend rate one-percentage-point higher and one-percentage-point lower than the current discount rate:

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
1% decrease in Trend Rates	\$ 8,523,537	\$ -	\$ 8,523,537
Current Trend Rates	8,821,139	-	8,821,139
1% increase in Trend Rates	9,137,759	-	9,137,759



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Summary of Deferred Outflows/Inflows</b>	Outflows	Inflows
A. Difference between expected and actual liability	\$ -	\$ -
B. Change of assumptions	-	169,352
C. Net difference between projected and actual investment earnings	-	-
D. Contributions between measurement date and reporting date	N/A	N/A
E. Total	\$ -	\$ 169,352

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

<u>Year ended</u>	<u>Future recognition</u>
2019	\$ (19,601)
2020	(19,601)
2021	(19,601)
2022	(19,601)
2023	(19,601)
Thereafter	<u>(71,347)</u>
	\$ (169,352)

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS**

**General Information about the Pension Plan**

Plan Description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory System (Contributory System);
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing public employees, retirement systems.

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

The Utah Retirement Systems (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 State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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 that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS (continued)**

**Summary of Benefits by System**

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Public Safety System	Highest 3 years	20 years any age	2.5 % per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
		10 years age 60		
		4 years age 65		
Firefighters System	Highest 3 years	20 years any age	2.5 % per year up to 20 years; 2.0% per year over 20 years	Up to 4%
		10 years age 60		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years any age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age	1.5% per year all years	Up to 2.5%
		20 years any age 60*		
		10 years age 62*		
		4 years age 65		

\* with actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS (continued)**

**Contribution Rate Summary**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018 are as follows:

**Utah Retirement Systems**

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
11 – Local Governmental Div - Tier 1	6	14.46	N/A
111 – Local Governmental Div - Tier 2	N/A	15.11	1.58
<b>Noncontributory System</b>			
15 – Local Governmental Division Tier 1	N/A	18.47	N/A
<b>Public Safety Retirement System</b>			
<b>Contributory</b>			
122 – Tier 2 DB Hybrid Public Safety	N/A	30.38	1.26
<b>Noncontributory</b>			
46 – Provo with 2.5% COLA	N/A	42.16	N/A
<b>Firefighter Retirement System</b>			
32 – Other Division B	16.71	6.70	N/A
132 – Tier 2 DB Hybrid Firefighters	N/A	10.82	1.26
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	19.64	12.00
232 Firefighters	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.

For fiscal year ended June 30, 2018, the employer and employee contributions to the system were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$3,237,084	N/A
Contributory System	54,542	-
Public Safety System	2,042,321	-
Firefighters System	286,169	-
Tier 2 Public Employees System	1,121,795	-
Tier 2 Public Safety and Firefighter	471,579	-
Tier 2 DC Only System	67,722	N/A
Tier 2 DC Public Safety and Firefighter System	38,204	N/A
<b>Total Contributions</b>	<b>\$7,319,417</b>	<b>\$ -</b>

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

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS (continued)**

**Combined Pension Assets, Liabilities, Expenses, and Deferred Outflows Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, we reported a net pension asset of \$1,120,948 and a net pension liability of \$20,935,937.

	(Measurement Date): December 31, 2017			Proportionate Share December 31, 2015	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 9,317,938	2.1267511%	2.1822783%	-0.0555271%
Contributory System	-	169,667	2.0850282%	1.8155608%	0.2694674%
Public Safety System	-	11,389,861	100.0000000%	100.0000000%	0.0000000%
Firefighters System	1,101,758	-	4.9115990%	5.0994441%	-0.1882842%
Tier 2 Public Employees System	-	58,471	0.6631815%	0.6689307%	-0.0057492%
Tier 2 Public Safety and Firefighter	19,190	-	1.6585203%	1.5268330%	0.1322370%
	<u>\$ 1,120,948</u>	<u>\$ 20,935,937</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion 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 System during the plan year.

For the year ended June 30, 2018, we recognized pension expense of \$6,547,465.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 518,923	\$ 2,724,276
Changes in assumptions	7,616,079	722,029
Net difference between projected and actual earnings on pension plan investments	4,246,646	10,960,131
Changes in proportion and differences between contributions and proportionate share of contributions	71,650	320,988
Contributions subsequent to the measurement date	3,495,147	-
Total	<u>\$ 15,948,445</u>	<u>\$ 14,727,424</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS (continued)**

\$3,495,147 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2018	\$520,455
2019	\$801,169
2020	\$(460,302)
2021	(\$2,302,709)
2022	\$(863,145)
Thereafter	\$30,406

Actuarial assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.35 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on 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, 2017 valuation were based on the results of an actuarial experience study for the five 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:

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS (continued)**

Expected Return Arithmetic Basis			
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	13%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	18%	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%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, 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 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

*Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:* The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, 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-percentage point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 25,200,068	\$ 9,317,934	\$ (3,887,272)
Contributory System	1,150,360	169,667	(652,959)
Public Safety System	20,182,811	11,389,852	4,192,119
Firefighters System	5,651,377	(1,101,747)	(6,652,030)
Tier 2 Public Employees System	688,467	58,471	(427,346)
Tier 2 Public Safety and Firefighter	169,942	(19,190)	(163,688)
Total	\$ 53,043,025	\$ 19,814,987	\$ (7,591,176)

\*\*\*Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - RETIREMENT PLANS (continued)**

**Defined Contributions Savings Plans**

The Defined Contributions Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in separately issued URS financial report.

Provo City Corp participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>401(k) Plan</b>			
Employer Contributions	\$977,010	\$894,345	\$777,027
Employee Contributions	\$1,190,867	\$916,160	\$938,475
<b>457 Plan</b>			
Employer Contributions	\$0	\$0	\$0
Employee Contributions	\$278,148	\$263,581	\$229,746
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$148,913	\$132,110	\$112,546
<b>Traditional IRA</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$670	\$1,300	\$1,475



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 14 - RESTRICTIONS ON FUND BALANCES AND NET POSITION**

**General Fund and Debt Service Funds**

State statutes allow the use of accumulated fund balance of the General Fund for the following: (1) to finance operations from the beginning of a fiscal year until revenue is collected, (2) to meet emergency expenditures resulting from natural disasters, and (3) to cover unanticipated deficits in future years. Also, the Class “C” Road Grant monies are designated for certain road uses by Utah State law. Any fund balance in the Debt Service funds after retirement of all general long-term debt must be transferred to the General Fund.

**Restricted Net Position**

In the government-wide financial statements, GASB No. 34 requires the City to separately report certain restricted assets, revenues, and balances. Net position should be reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislations.

The restricted net position for the City is as follows:

**Restricted Net Position**

	Governmental Activities	Business-Type Activities
<b>Restricted for capital projects</b>		
Capital projects	\$ 6,751,989	
<b>Restricted for debt service</b>		
Debt service reserve	1,292,242	1,173,400
	<b>\$ 8,044,231</b>	<b>\$ 1,173,400</b>

GASB statement 54 requires governments to consistently report fund balances. Fund balance will be displayed in the following classifications:

*Nonspendable*—amounts that are not in a spendable form (such as inventory) or required to be maintained intact

*Restricted*—amounts constrained to specific purposes by external parties (such as grantors, bondholders, etc.) by enabling legislation. The City recognizes expenses for restricted amounts when the expenses occur, as instructed by GAAP.

*Committed*— amounts that have been set aside by the City Council by budget resolution for a specific purpose prior to the end of the fiscal year. The City recognizes expenses for committed amounts when the expenses occur.

*Assigned*—amounts that have been set aside by the City Council by budget resolution for a specific purpose, but subsequent to the end of the fiscal year. The City recognizes expenses for assigned amounts when the expenses occur.

*Unassigned*—amounts that are available for any purpose; the general fund reports all positive unassigned fund balance. Unassigned also can include deficit fund balances in other governmental funds. The City recognizes expenses for unassigned amounts when the expenses occur.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 14 - RESTRICTIONS ON FUND BALANCES AND NET POSITION (continued)**

City financial policies state that when restricted and unrestricted resources are available for use for the same purpose, restricted resources are used before unrestricted resources. Unrestricted resources consist of assigned and unassigned. When assigned and unassigned resources are available for use for the same purpose, assigned will be used before unassigned.

The City's governmental fund balances are reported below using the classifications given in the GASB statement.

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>			
Inventory	\$ 74,648		\$ 74,648
Deposits	11,836		11,836
<b>Restricted for:</b>			
Road Projects	2,920,045		2,920,045
Debt Service		5,677,150	5,677,150
Parks Improvements		6,264,344	6,264,344
General CIP		2,064,960	2,064,960
Engineering CIP		4,632,501	4,632,501
Redevelopment		28,559,646	28,559,646
<b>Assigned:</b>			
Council	50,000		50,000
Mayor's Office	126,786		126,786
Finance	40,000		40,000
Recorder	23,149		23,149
Information Systems	747,048		747,048
Human Resources	31,459		31,459
Legal	6,000		6,000
Streets	80,500		80,500
Community Development	55,000		55,000
Economic Development	278,852		278,852
General Services	554,148		554,148
Parks	653,430		653,430
Police	199,430		199,430
Fire	45,000		45,000
Justice Court	3,000		3,000
Engineering	99,652		99,652
Covey Center	80,779		80,779
Library		3,544,816	3,544,816
<b>Unassigned:</b>			
General	13,128,183		13,128,183
	<u>\$ 19,208,945</u>	<u>\$ 50,743,417</u>	<u>\$ 69,952,362</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 15 – MAJOR UTILITY CUSTOMER**

The City, through its Energy Fund and Water Fund, delivers power and water to a major customer. The gross sales to this customer approximate 13.1 percent of the gross energy dollar sales and 1.9 percent of gross water dollar sales.

**NOTE 16 - REDEVELOPMENT AGENCY**

During fiscal year 2018, the Redevelopment Agency of Provo City collected tax increment funds of \$1,178,461 for the Central Business District Project, Project Area Number 4, and the South University Avenue Project. This included \$73,000 of “additional” tax increment funds for a cultural arts facility, i.e., the City’s downtown performing arts center project. The Redevelopment Agency did not pay tax increment funds to any taxing agencies for projects during fiscal year 2018.

The following is a list of outstanding principal amounts of bonds or other contractual commitments associated with projects:

Tax Increment Series 2005 Revenue Bonds ("Additional" increment-performing arts center)	\$ 1,220,000
Contract Balances	
Dillards Department Stores	770,836
Provo Towne Center Mall	12,095,948
Total Contract Balances	<u>\$ 12,866,784</u>

The Redevelopment Agency’s obligation on the Provo Towne Center Mall includes accrual of eight percent annual interest on the remaining balance, calculated from May 15, 1997. The balance shown is after the fiscal year 2018 payment and includes accrued interest. Tax increment proceeds will be applied to interest owed first.

The Redevelopment Agency had \$159,630 in administrative expenditures for tax increment projects during the fiscal year.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 17 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***Budgetary Information***

The general, special revenue, debt service and capital improvement funds' budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the department level for the General fund and the fund level for all other funds.

Annual budgets for all funds for the fiscal year commencing July 1 are legally adopted by resolution of the Provo City Council on or before June 22 and after public hearings. The operating budget includes proposed expenditures and revenue sources. Amendments to the annual budget are made throughout the fiscal year by resolution of the Provo Municipal Council after a public hearing.

Budgetary control is maintained at the department level for the General Fund and at the fund level for all other funds. The Department Head may transfer from one category to another upon review and approval of the Budget Officer. Budgets cannot be transferred between funds without Municipal Council approval.

Encumbrance accounting is used by the City to assure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end. Encumbered amounts carry over to the subsequent year. The budget in all funds is reduced at year-end by the amount of the reserve for encumbrances and is added to the ensuing year with administrative approval.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances.

Capital project funds are budgeted on a project basis. However, unused appropriations are transferred forward into the new fiscal year as approved by the Municipal Council in the original budget resolution.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 18 - RECONCILIATION OF GOVERNMENTAL FUNDS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

When comparing the capital assets reported on the statement of net position for governmental funds with the amount reported on the reconciliation between the fund statements and the statement of net position, there is a difference. The reason the numbers are not the same is because the statement of net position includes the capital assets of the internal service funds because they primarily benefit governmental funds. The same is true with long-term liabilities. In the reconciliation, the net positions of the internal service funds are reported on one line to explain the difference. The following is a schedule that shows the balances in governmental funds and internal service funds for capital assets and liabilities.

	<u>Governmental Funds</u>	<u>Reported in Fund statements</u>	<u>Internal service Funds</u>	<u>Government-wide Total</u>	
<b>Statement of Net Position:</b>					
Capital assets	\$ 503,388,440	\$ -	\$ 43,622,435	\$ 547,010,875	
Accumulated depreciation	<u>(169,635,556)</u>	<u>-</u>	<u>(29,709,816)</u>	<u>(199,345,372)</u>	
Net	\$ 333,752,884 *	\$ -	\$ 13,912,619	\$ 347,665,503	**
Accrued compensated absences (includes current portion)	\$ 6,475,946 *		\$ 300,015	\$ 6,775,961	**
Net pension assets and liabilities (includes deferred inflows and outflows related to pensions)	\$ 12,754,789 *	-	610,526	13,365,315	**
Net OPEB payable	\$ 6,832,418 *	-	317,219	7,149,637	**
Bonds & Leases payable	62,972,950 *	-	1,803,772	64,776,722	**
<b>Statement of Activities:</b>					
Capital outlay	\$ 7,308,158				
Depreciation	<u>(15,500,554)</u>				
Net	\$ (8,192,396) ***				

\*Reported on reconciliation of the balance sheet for governmental funds to Statement of Net Position.

\*\*Reported on the Statement of Net Position in the governmental funds column.

\*\*\*Reported on reconciliation of the statement of revenues, expenditures and changes in fund balance to the Statement of Activities

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 19 - INTEREST EXPENSE**

The following is a schedule that shows the amount of interest that was paid during the year and accrued at the end of the year:

	<u>Beginning Accrued</u>	<u>Cash Paid</u>	<u>Expensed</u>	<u>Amortization Bond Premium</u>	<u>Ending Accrued</u>
Governmental funds	\$ 1,283,977	\$ (2,590,073)	\$ (2,149,436)	\$ 331,745	\$ 1,175,085
Enterprise funds	<u>575,317</u>	<u>(1,174,369)</u>	<u>(1,032,843)</u>	<u>195,721</u>	<u>629,512</u>
Total	<u>\$ 1,859,294</u>	<u>\$ (3,764,442)</u>	<u>\$ (3,182,279)</u>	<u>\$ 527,466</u>	<u>\$ 1,804,597</u>

**NOTE 20 – RESTATEMENT OF FUND EQUITY/NET POSITION**

*Prior Period Adjustments*

Adjustments due to an error or change in accounting principle are treated as adjustments to prior periods. Accordingly, the City reports these changes as a restatement of beginning fund balance, fund equity, or net position as appropriate.

During the year, the City implemented GASB 75, which requires the City to report as a liability the outstanding balance due for Other Postemployment benefits (OPEB) at the end of June 30, 2017. As a result, a prior period adjustment was necessary in a number of the Enterprise and Internal Service Fund statements, and a prior period adjustment was necessary for the Governmental and Business-type activities in the entity-wide statements. Listed below is a schedule of the prior period adjustments:

	<u>Net Position at the beginning of the year</u>	<u>OPEB Adjustment</u>	<u>Restated net position at the beginning of the year</u>
<b>Enterprise Funds</b>			
Water	\$ 61,524,905	\$ (480,857)	\$ 61,044,048
Wastewater	32,782,740	(183,857)	32,598,883
Energy	92,371,418	(721,286)	91,650,132
Airport	31,253,700	(42,429)	31,211,271
Golf	26,717,641	-	26,717,641
Utility Transportation	2,793,314	-	2,793,314
Sanitation	8,634,005	(169,714)	8,464,291
Storm Drain	<u>14,721,343</u>	<u>(325,286)</u>	<u>14,396,057</u>
Enterprise Funds	<u>\$ 270,799,066</u>	<u>\$ (1,923,429)</u>	<u>\$ 268,875,637</u>
<b>Internal Service Funds</b>			
Customer Service	\$ 185,009	\$ (141,429)	\$ 43,580
Employee Benefits	2,091,370	-	2,091,370
Insurance Claims	1,427,307	-	1,427,307
Vehicle Management	15,375,015	(155,572)	15,219,443
Computer Lease	424,094	-	424,094
Facility Services	(106,654)	(70,714)	(177,368)
Telecom	<u>2,279,825</u>	<u>-</u>	<u>2,279,825</u>
Internal Service Funds	<u>\$ 21,675,966</u>	<u>\$ (367,715)</u>	<u>\$ 21,308,251</u>
Governmental activities	\$ 348,766,481	\$ (8,287,721)	\$ 340,478,760
Business-type activities	<u>264,060,871</u>	<u>(1,923,429)</u>	<u>262,137,442</u>
Total	<u>\$ 612,827,352</u>	<u>\$ (10,211,150)</u>	<u>\$ 602,616,202</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 21 - DISCLOSURE OF GOVERNMENT COMBINATION**

As of June 20, 2018, the Ice Sheet Authority was dissolved. Provo City and Utah County mutually agreed that their respective constituents would be best served by Provo becoming the sole operator. Utah County maintains its ownership of a portion of the real property and an annual contribution of \$50,000 until 2028. This agreement involved no exchange of funds but a limited ongoing liability for the County who will contribute \$50 thousand annually for capital needs at the facility. All other expenses and liabilities are assumed by Provo City.

At June 30, 2018

Total assets	\$ 11,890,236
Deferred outflows	55
Total liabilities	(11,361,408)
Deferred inflows	(285)
Total net position	<u>\$ 528,598</u>

For the Year Ended June 30, 2018

Total operating revenue	\$ 1,833,925
Total operating expenses	(1,640,920)
Nonoperating revenue and expense	335,593
Change in net position	<u>\$ 528,598</u>

**NOTE 22 – DEFERRED OUTFLOWS AND INFLOWS**

As of June 30, 2018, Deferred Outflows and Deferred Inflows as reported on the Statement of Net Position on page 26 of this report consist of multiple sources. The breakdown of the different sources of these activities are as follows:

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
<b>Deferred Outflows</b>			
Pensions	\$ 12,757,128	\$ 3,191,313	\$ 15,948,441
Debt	<u>2,248,563</u>	<u>-</u>	<u>2,248,563</u>
Total Deferred Outflows	\$ 15,005,691	\$ 3,191,313	\$ 18,197,004
<b>Deferred Inflows</b>			
OPEB	\$ 137,445	\$ 31,856	\$ 169,301
Property Tax	11,077,021	-	11,077,021
Pensions	<u>12,258,939</u>	<u>2,468,491</u>	<u>14,727,430</u>
Total Deferred Inflows	\$ 23,473,405	\$ 2,500,347	\$ 25,973,752

**PROVO CITY CORPORATION**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years**

	Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees system	Tier 2 Public Safety and Firefighter System
<hr/> 12/31/2017 <hr/>						
Proportion of the net pension liability (asset)	2.1267511%	2.0850282%	100.0000000%	4.9111599%	66.3181500%	1.6585203%
Proportionate share of the net pension liability (asset)	\$9,317,934	\$169,667	\$11,389,861	(\$1,101,747)	\$58,471	(\$19,190)
Covered employee payroll	\$17,316,192	\$423,086	\$4,108,469	\$4,108,469	\$6,484,779	\$1,750,341
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.81%	40.10%	236.70%	-26.82%	90.00%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	98.2%	82.0%	102.3%	97.4%	103.0%
<hr/> 12/31/2016 <hr/>						
Proportion of the net pension liability (asset)	2.1822782%	1.8155608%	100.0000000%	5.0994441%	0.6689307%	1.5262833%
Proportionate share of the net pension liability (asset)	\$14,012,897	\$595,706	\$13,875,843	\$754,297	\$74,619	(\$13,249)
Covered employee payroll	\$18,185,440	\$435,624	\$5,267,716	\$4,407,334	\$5,485,753	\$1,261,049
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77.06%	136.75%	263.41%	17.11%	1.36%	-1.05%
Plan fiduciary net position as a percentage of the total pension liability	87.3%	92.9%	77.0%	98.4%	95.1%	103.6%

*Schedule continues on next page*



**PROVO CITY CORPORATION**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years (CONTINUED)**

	Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees system	Tier 2 Public Safety and Firefighter System
12/31/2015						
Proportion of the net pension liability (asset)	2.1822455%	1.0617200%	100.0000000%	5.0713442%	0.6570717%	1.4249791%
Proportionate share of the net pension liability (asset)	\$12,348,206	\$746,235	\$12,665,826	\$862,931	(\$1,434)	(\$20,819)
Covered employee payroll	\$17,950,299	\$452,385	\$5,202,897	\$4,276,730	\$4,245,056	\$848,128
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.79%	164.96%	243.44%	20.18%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	85.7%	85.7%	98.1%	100.2%	110.7%
12/31/2014						
Proportion of the net pension liability (asset)	2.2072622%	1.3182415%	100.0000000%	5.1142778%	0.6701126%	1.3192614%
Proportionate share of the net pension liability (asset)	\$9,584,452	\$380,238	\$10,123,567	(\$562,814)	(\$20,307)	(\$19,516)
Covered employee payroll	\$18,384,516	\$706,458	\$5,316,646	\$4,275,471	\$3,288,937	\$545,260
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.1%	53.8%	190.4%	-13.2%	-6.0%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	80.9%	101.3%	103.5%	120.5%

**Note:**

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

**PROVO CITY CORPORATION**  
**Required Supplementary Information**  
**Schedule of Pension Contributions**

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 3,193,225	\$ 3,193,225	\$ -	\$ 18,696,149	17.08%
	2015	3,309,380	3,309,380	-	18,122,293	18.26%
	2016	3,242,929	3,242,929	-	17,778,328	18.24%
	2017	3,175,636	3,175,636	-	17,385,523	18.27%
	2018	3,237,084	3,237,084	-	17,759,198	18.23%
Contributory System	2014	\$ 108,833	\$ 108,833	\$ -	\$ 819,529	13.28%
	2015	80,593	80,593	-	557,348	14.46%
	2016	62,853	62,853	-	434,665	14.46%
	2017	61,405	61,405	-	424,654	14.46%
	2018	54,542	54,542	-	377,195	14.46%
Public Safety System	2014	\$ 2,131,951	\$ 2,131,951	\$ -	\$ 5,367,950	39.72%
	2015	2,202,167	2,202,167	-	5,255,061	41.91%
	2016	2,150,772	2,150,772	-	5,134,109	41.89%
	2017	2,084,121	2,084,121	-	4,982,372	41.83%
	2018	2,042,321	2,042,321	-	4,887,118	41.79%
Firefighters System	2014	\$ 189,494	\$ 189,494	\$ -	\$ 4,248,769	4.46%
	2015	281,608	281,608	-	4,275,577	6.59%
	2016	291,375	291,375	-	4,312,798	6.76%
	2017	275,436	275,436	-	4,135,687	6.66%
	2018	286,169	286,169	-	4,271,188	6.70%
Tier 2 Public Employees System*	2014	\$ 385,449	\$ 385,449	\$ -	\$ 2,755,178	13.99%
	2015	570,472	570,472	-	3,819,378	14.94%
	2016	699,870	699,870	-	4,694,723	14.91%
	2017	870,702	870,702	-	5,838,290	14.91%
	2018	1,121,795	1,121,795	-	7,424,190	15.11%
Tier 2 Public Safety and Firefighter System*	2014	\$ 113,375	\$ 113,375	\$ -	\$ 457,932	24.76%
	2015	171,292	171,292	-	658,135	26.03%
	2016	259,448	259,448	-	1,040,416	24.94%
	2017	349,466	349,466	-	1,490,730	23.44%
	2018	471,579	471,579	-	1,965,833	23.99%
Tier 2 Public Employees DC Only System*	2014	\$ 7,618	\$ 7,618	\$ -	\$ 136,525	5.58%
	2015	28,582	28,582	-	425,323	6.72%
	2016	36,563	36,563	-	547,730	6.68%
	2017	47,990	47,990	-	717,345	6.69%
	2018	67,722	67,722	-	1,012,755	6.69%
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ 1,655	\$ 1,655	\$ -	\$ 101,387	1.63%
	2015	7,393	7,393	-	132,006	5.60%
	2016	14,322	14,322	-	195,345	7.33%
	2017	24,935	24,935	-	268,734	9.28%
	2018	38,204	38,204	-	477,268	8.00%

**Note:**

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

**PROVO CITY CORPORATION**  
**Notes to the Required Supplementary Information**

**Changes in Assumptions**

As a result of an experience study conducted as of December, 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (an actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had minimal impact on the Total Pension Liability (and actuarial accrued liability).

**PROVO CITY CORPORATION**  
**Combining Balance Sheet – Other Governmental Funds**  
**June 30, 2018**

	Special Revenue								Capital Projects			Total Other Governmental Funds	
	Library	Rental Rehab	C.D.B.G.	Tax Increment	Housing Consortium	Special Purpose Grants	New Development	Homeless Prevention	Debt Service	General CIP	Parks CIP		Engineering CIP
<b>Assets</b>													
Cash	\$ 3,516,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 270	\$ 4,390,141	\$ -	\$ 4,142,364	\$ 1,383,288	\$ 13,432,918
Restricted cash	-	682,558	564,637	3,095,359	1,988,279	189,432	923,975	-	1,135,168	2,075,435	2,229,151	1,968,390	14,852,384
Accounts receivable	3,610,700	-	500	321	430	-	-	-	3,006,964	-	1,080	3,936,689	10,556,684
Loans receivable	-	235,179	2,245,812	2,469,462	13,888,287	751,526	-	-	-	-	-	-	19,590,266
Investment in property	-	-	-	1,599,891	-	-	-	-	-	-	-	-	1,599,891
<b>Total Assets</b>	<b>\$ 7,127,455</b>	<b>\$ 917,737</b>	<b>\$ 2,810,949</b>	<b>\$ 7,165,033</b>	<b>\$ 15,876,996</b>	<b>\$ 940,958</b>	<b>\$ 924,075</b>	<b>\$ 270</b>	<b>\$ 8,532,273</b>	<b>\$ 2,075,435</b>	<b>\$ 6,372,595</b>	<b>\$ 7,288,367</b>	<b>\$ 60,032,143</b>
<b>Liabilities, Deferred Inflows &amp; Fund Balance</b>													
<b>Liabilities:</b>													
Accounts payable	\$ 24,355	\$ -	\$ 6,290	\$ 20,350	\$ 2,818	\$ -	\$ -	\$ -	\$ -	\$ 10,475	\$ 108,251	\$ 773,180	\$ 945,719
Accrued liabilities	101,681	-	16,128	30,786	-	-	-	-	5	-	-	-	148,600
<b>Total Liabilities</b>	<b>126,036</b>	<b>-</b>	<b>22,418</b>	<b>51,136</b>	<b>2,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>10,475</b>	<b>108,251</b>	<b>773,180</b>	<b>1,094,319</b>
<b>Deferred Inflows of Resources</b>													
Deferred property tax revenue	3,456,603	-	-	-	-	-	-	-	2,855,118	-	-	-	6,311,721
Deferred unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	1,882,686	1,882,686
<b>Total Deferred Inflows of Resources</b>	<b>3,456,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,855,118</b>	<b>-</b>	<b>-</b>	<b>1,882,686</b>	<b>8,194,407</b>
<b>Fund Balance</b>													
Assigned	3,544,816	-	-	-	-	-	100	-	-	-	-	-	3,544,916
Restricted	-	917,737	2,788,531	7,113,897	15,874,178	940,958	923,975	270	5,677,150	2,064,960	6,264,344	4,632,501	47,198,501
<b>Total Fund Balance</b>	<b>3,544,816</b>	<b>917,737</b>	<b>2,788,531</b>	<b>7,113,897</b>	<b>15,874,178</b>	<b>940,958</b>	<b>924,075</b>	<b>270</b>	<b>5,677,150</b>	<b>2,064,960</b>	<b>6,264,344</b>	<b>4,632,501</b>	<b>50,743,417</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balance</b>	<b>\$ 7,127,455</b>	<b>\$ 917,737</b>	<b>\$ 2,810,949</b>	<b>\$ 7,165,033</b>	<b>\$ 15,876,996</b>	<b>\$ 940,958</b>	<b>\$ 924,075</b>	<b>\$ 270</b>	<b>\$ 8,532,273</b>	<b>\$ 2,075,435</b>	<b>\$ 6,372,595</b>	<b>\$ 7,288,367</b>	<b>\$ 60,032,143</b>

**PROVO CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue							Capital Projects				Total Other Governmental Funds	
	Library	Rental Rehab	C.D.B.G.	Tax Increment	Housing Consortium	Special Purpose Grants	New Development	Homeless Prevention	Debt Service	General CIP	Parks CIP		Engineering CIP
<b>Revenues:</b>													
Taxes	\$ 3,927,127	\$ -	\$ -	\$ 110,531	\$ -	\$ -	\$ -	\$ -	\$ 3,723,676	\$ -	\$ -	\$ -	\$ 7,761,334
Intergovernmental	30,553	-	1,441,003	1,067,930	5,653,411	-	-	-	-	-	4,551,576	-	12,744,473
Charges for services	377,678	-	-	-	-	-	110,537	-	-	-	276,885	1,606,929	2,372,029
Interest income	67,862	10,632	4,360	85,665	29,141	3,124	19,001	-	90,007	-	89,215	69,384	468,391
Loan interest repayments	-	-	2,200	36,524	31,363	5,767	-	-	-	-	-	-	75,854
Impact fees	-	-	-	-	-	-	-	-	-	-	664,290	506,026	1,170,316
Miscellaneous	18,093	-	-	4,001	-	-	2,385	-	-	-	40,636	1,316,364	1,381,479
<b>Total revenues</b>	<b>4,421,313</b>	<b>10,632</b>	<b>1,447,563</b>	<b>1,304,651</b>	<b>5,713,915</b>	<b>8,891</b>	<b>131,923</b>	<b>-</b>	<b>3,813,683</b>	<b>-</b>	<b>1,071,026</b>	<b>8,050,279</b>	<b>25,973,876</b>
<b>Expenditures:</b>													
Current:													
Culture and recreation	4,504,682	-	-	-	-	150	-	-	-	-	15,200	-	4,520,032
Community revitalization	-	1,093	706,831	960,930	3,587,512	-	759,771	-	16,514	38,171	-	239,320	6,310,142
<b>Total current expenditures</b>	<b>4,504,682</b>	<b>1,093</b>	<b>706,831</b>	<b>960,930</b>	<b>3,587,512</b>	<b>150</b>	<b>759,771</b>	<b>-</b>	<b>16,514</b>	<b>38,171</b>	<b>15,200</b>	<b>239,320</b>	<b>10,830,174</b>
Debt service:													
Interest	-	-	-	62,230	-	-	-	-	2,497,028	-	-	-	2,559,258
Rent/Lease	-	-	-	-	-	-	-	-	836,112	-	-	-	836,112
Principal on debt	-	-	-	50,000	-	-	-	-	3,774,000	-	-	-	3,824,000
Service fees on debt and issuance costs	-	-	-	2,500	-	-	-	-	175,738	-	-	-	178,238
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,282,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,397,608</b>
Capital outlay:													
Capital outlay	40,536	-	711,645	-	-	-	-	-	-	1,203,155	849,882	6,742,559	9,547,777
<b>Total expenditures</b>	<b>4,545,218</b>	<b>1,093</b>	<b>1,418,476</b>	<b>1,075,660</b>	<b>3,587,512</b>	<b>150</b>	<b>759,771</b>	<b>-</b>	<b>7,299,392</b>	<b>1,241,326</b>	<b>865,082</b>	<b>6,981,879</b>	<b>27,775,559</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(123,905)</b>	<b>9,539</b>	<b>29,087</b>	<b>228,991</b>	<b>2,126,403</b>	<b>8,741</b>	<b>(627,848)</b>	<b>-</b>	<b>(3,485,709)</b>	<b>(1,241,326)</b>	<b>205,944</b>	<b>1,068,400</b>	<b>(1,801,683)</b>
<b>Other financing sources (uses):</b>													
Transfers from other funds	-	-	-	-	-	-	-	-	4,332,786	-	1,277,460	-	5,610,246
Transfers to other funds	-	-	-	-	-	-	-	-	(509,226)	-	(169,902)	(50,000)	(729,128)
Debt issuance	-	-	-	-	-	-	-	-	30,076,994	-	-	-	30,076,994
Deposit to escrow agent	-	-	-	-	-	-	-	-	(29,884,480)	-	-	-	(29,884,480)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,016,074</b>	<b>-</b>	<b>1,107,558</b>	<b>(50,000)</b>	<b>5,073,632</b>
<b>Net change in fund balance</b>	<b>(123,905)</b>	<b>9,539</b>	<b>29,087</b>	<b>228,991</b>	<b>2,126,403</b>	<b>8,741</b>	<b>(627,848)</b>	<b>-</b>	<b>530,365</b>	<b>(1,241,326)</b>	<b>1,313,502</b>	<b>1,018,400</b>	<b>3,271,949</b>
<b>Fund balance at beginning of year</b>	<b>3,668,721</b>	<b>908,198</b>	<b>2,759,444</b>	<b>6,884,906</b>	<b>13,747,775</b>	<b>932,217</b>	<b>1,551,923</b>	<b>270</b>	<b>5,146,785</b>	<b>3,306,286</b>	<b>4,950,842</b>	<b>3,614,101</b>	<b>47,471,468</b>
<b>Fund balance at end of year</b>	<b>\$ 3,544,816</b>	<b>\$ 917,737</b>	<b>\$ 2,788,531</b>	<b>\$ 7,113,897</b>	<b>\$ 15,874,178</b>	<b>\$ 940,958</b>	<b>\$ 924,075</b>	<b>\$ 270</b>	<b>\$ 5,677,150</b>	<b>\$ 2,064,960</b>	<b>\$ 6,264,344</b>	<b>\$ 4,632,501</b>	<b>\$ 50,743,417</b>

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Library Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,717,701	\$ 3,800,000	\$ 3,927,127	\$ 127,127
Intergovernmental	6,650	6,650	30,553	23,903
Charges for services	355,000	355,000	377,678	22,678
Interest income	47,500	47,500	67,862	20,362
Miscellaneous	28,000	28,000	18,093	(9,907)
<b>Total revenues</b>	<u>4,154,851</u>	<u>4,237,150</u>	<u>4,421,313</u>	<u>184,163</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	4,323,048	4,820,179	4,504,682	315,497
Total current expenditures	4,323,048	4,820,179	4,504,682	315,497
Capital outlay:				
Capital outlay	57,342	57,342	40,536	16,806
<b>Total expenditures</b>	<u>4,380,390</u>	<u>4,877,521</u>	<u>4,545,218</u>	<u>332,303</u>
<b>Net change in fund balance</b>	<u>\$ (225,539)</u>	<u>\$ (640,371)</u>	(123,905)	<u>\$ 516,466</u>
<b>Fund balance at beginning of year</b>			<u>3,668,721</u>	
<b>Fund balance at end of year</b>			<u>\$ 3,544,816</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Rental Rehab Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 300	\$ 8,000	\$ -	\$ (8,000)
Principal payments	6,800	6,800	10,632	3,832
<b>Total revenues</b>	<u>7,100</u>	<u>14,800</u>	<u>10,632</u>	<u>(4,168)</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	1,250	1,250	1,093	157
Total current expenditures	1,250	1,250	1,093	157
<b>Total expenditures</b>	<u>1,250</u>	<u>1,250</u>	<u>1,093</u>	<u>157</u>
<b>Net change in fund balance</b>	<u>\$ 5,850</u>	<u>\$ 13,550</u>	9,539	<u>\$ (4,011)</u>
<b>Fund balance at beginning of year</b>			<u>908,198</u>	
<b>Fund balance at end of year</b>			<u>\$ 917,737</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – CDBG Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,311,410	\$ 1,385,410	\$ 1,441,003	\$ 55,593
Interest income	2,800	2,800	4,360	1,560
Loan principal repayments	102,000	40,000	-	(40,000)
Loan interest repayments	5,400	5,400	2,200	(3,200)
<b>Total revenues</b>	<u>1,421,610</u>	<u>1,433,610</u>	<u>1,447,563</u>	<u>13,953</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	1,944,122	3,032,866	706,831	2,326,035
Total current expenditures	<u>1,944,122</u>	<u>3,032,866</u>	<u>706,831</u>	<u>2,326,035</u>
Capital outlay:				
Capital outlay	-	-	711,645	(711,645)
Total capital outlay	<u>-</u>	<u>-</u>	<u>711,645</u>	<u>(711,645)</u>
<b>Total expenditures</b>	<u>1,944,122</u>	<u>3,032,866</u>	<u>1,418,476</u>	<u>1,614,390</u>
<b>Net change in fund balance</b>	<u>\$ (522,512)</u>	<u>\$ (1,599,256)</u>	29,087	<u>\$ 1,628,343</u>
<b>Fund balance at beginning of year</b>			<u>2,759,444</u>	
<b>Fund balance at end of year</b>			<u>\$ 2,788,531</u>	



**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Tax Increment Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,436,000	\$ 1,700,000	\$ 110,531	\$ (1,589,469)
Intergovernmental	-	-	1,067,930	1,067,930
Interest income	15,000	60,000	85,665	25,665
Loan principal repayments	5,000	5,000	-	(5,000)
Loan interest repayments	250	250	36,524	36,274
Miscellaneous	-	-	4,001	4,001
<b>Total revenues</b>	<u>1,456,250</u>	<u>1,765,250</u>	<u>1,304,651</u>	<u>(460,599)</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	1,266,794	5,895,768	960,930	4,934,838
Total current expenditures	<u>1,266,794</u>	<u>5,895,768</u>	<u>960,930</u>	<u>4,934,838</u>
Debt service:				
Interest expense	170,000	170,000	62,230	107,770
Principal on debt	229,673	229,673	50,000	179,673
Service fees on debt	2,500	2,500	2,500	-
Total debt service	<u>402,173</u>	<u>402,173</u>	<u>114,730</u>	<u>287,443</u>
Capital outlay:				
Capital outlay	71,783	71,783	-	71,783
<b>Total expenditures</b>	<u>1,740,750</u>	<u>6,369,724</u>	<u>1,075,660</u>	<u>5,294,064</u>
<b>Net change in fund balance</b>	<u>\$ (284,500)</u>	<u>\$ (4,604,474)</u>	228,991	<u>\$ 4,833,465</u>
<b>Fund balance at beginning of year</b>			<u>6,884,906</u>	
<b>Fund balance at end of year</b>			<u>\$ 7,113,897</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Housing Consortium Special Revenue Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,058,969	\$ 2,700,000	\$ 5,653,411	\$ 2,953,411
Interest income	5,188	20,000	29,141	9,141
Loan principal repayments	486,420	500,000	-	(500,000)
Loan interest repayments	50,000	50,000	31,363	(18,637)
<b>Total revenues</b>	1,600,577	3,270,000	5,713,915	2,443,915
<b>Expenditures:</b>				
Current:				
Community revitalization	1,555,009	5,056,233	3,587,512	1,468,721
<b>Total current expenditures</b>	1,555,009	5,056,233	3,587,512	1,468,721
<b>Net change in fund balance</b>	\$ 45,568	\$ (1,786,233)	2,126,403	\$ 3,912,636
<b>Fund balance at beginning of year</b>			13,747,775	
<b>Fund balance at end of year</b>			\$ 15,874,178	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Special Purpose Grants Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 1,000	\$ 1,000	\$ 3,124	\$ 2,124
Loan principal repayments	100,000	100,000	-	(100,000)
Loan interest repayments	-	-	5,767	5,767
<b>Total revenues</b>	<u>101,000</u>	<u>101,000</u>	<u>8,891</u>	<u>(92,109)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	80,766	80,766	150	80,616
Total current expenditures	80,766	80,766	150	80,616
<b>Total expenditures</b>	<u>80,766</u>	<u>80,766</u>	<u>150</u>	<u>80,616</u>
<b>Net change in fund balance</b>	<u>\$ 20,234</u>	<u>\$ 20,234</u>	8,741	<u>\$ (11,493)</u>
<b>Fund balance at beginning of year</b>			<u>932,217</u>	
<b>Fund balance at end of year</b>			<u>\$ 940,958</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – New Development Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 75,000	\$ 90,000	\$ 110,537	\$ 20,537
Interest income	4,000	15,000	19,001	4,001
Miscellaneous	-	2,500	2,385	(115)
<b>Total revenues</b>	<u>79,000</u>	<u>107,500</u>	<u>131,923</u>	<u>24,423</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	70,466	903,518	759,771	143,747
Total current expenditures	70,466	903,518	759,771	143,747
<b>Total expenditures</b>	<u>70,466</u>	<u>903,518</u>	<u>759,771</u>	<u>143,747</u>
<b>Net change in fund balance</b>	<u>\$ 8,534</u>	<u>\$ (796,018)</u>	(627,848)	<u>\$ 168,170</u>
<b>Fund balance at beginning of year</b>			<u>1,551,923</u>	
<b>Fund balance at end of year</b>			<u>\$ 924,075</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Homeless Prevention Fund**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund balance at beginning of year</b>			<u>270</u>	
<b>Fund balance at end of year</b>			<u>\$ 270</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Debt Service Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,531,190	\$ 3,531,190	\$ 3,723,676	\$ 192,486
Interest income	9,250	35,000	90,007	55,007
<b>Total revenues</b>	<u>3,540,440</u>	<u>3,566,190</u>	<u>3,813,683</u>	<u>247,493</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	884,045	884,045	16,514	867,531
Total current expenditures	<u>884,045</u>	<u>884,045</u>	<u>16,514</u>	<u>867,531</u>
Debt service:				
Interest	4,393,679	4,393,679	2,497,028	1,896,651
Rent/Lease	-	-	836,112	(836,112)
Principal on debt	5,543,000	5,543,000	3,774,000	1,769,000
Interest - interfund	5,768	5,768	-	5,768
Service fees on debt and issuance costs	399,884	399,884	175,738	224,146
Total debt service	<u>10,342,331</u>	<u>10,342,331</u>	<u>7,282,878</u>	<u>3,059,453</u>
<b>Total expenditures</b>	<u>11,226,376</u>	<u>11,226,376</u>	<u>7,299,392</u>	<u>3,926,984</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,685,936)</u>	<u>(7,660,186)</u>	<u>(3,485,709)</u>	<u>4,174,477</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	4,647,786	4,647,786	4,332,786	(315,000)
Transfers to other funds	(1,461,127)	(1,461,127)	(509,226)	951,901
Debt issuance	-	30,076,994	30,076,994	-
Deposit to escrow agent	-	(29,884,480)	(29,884,480)	-
<b>Total other financing sources (uses):</b>	<u>3,186,659</u>	<u>3,379,173</u>	<u>4,016,074</u>	<u>636,901</u>
<b>Net change in fund balance</b>	<u>\$ (4,499,277)</u>	<u>\$ (4,281,013)</u>	530,365	<u>\$ 4,811,378</u>
<b>Fund balance at beginning of year</b>			<u>5,146,785</u>	
<b>Fund balance at end of year</b>			<u>\$ 5,677,150</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Engineering CIP Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 1,606,929	\$ 1,606,929
Intergovernmental	5,100,000	14,970,157	4,551,576	(10,418,581)
Interest income	-	-	69,384	69,384
Impact fees	250,000	1,400,000	506,026	(893,974)
Miscellaneous	100,000	100,000	1,316,364	1,216,364
<b>Total revenues</b>	<u>5,450,000</u>	<u>16,470,157</u>	<u>8,050,279</u>	<u>(8,419,878)</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	5,416,000	19,497,956	239,320	19,258,636
Total current expenditures	5,416,000	19,497,956	239,320	19,258,636
Capital outlay:				
Capital outlay	-	-	6,742,559	(6,742,559)
<b>Total expenditures</b>	<u>5,416,000</u>	<u>19,497,956</u>	<u>6,981,879</u>	<u>12,516,077</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>34,000</u>	<u>(3,027,799)</u>	<u>1,068,400</u>	<u>4,096,199</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	(50,000)	(50,000)	(50,000)	-
<b>Total other financing sources (uses):</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (16,000)</u>	<u>\$ (3,077,799)</u>	1,018,400	<u>\$ 4,096,199</u>
<b>Fund balance at beginning of year</b>			3,614,101	
<b>Fund balance at end of year</b>			<u>\$ 4,632,501</u>	

**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – Parks & Recreation CIP Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 61,000	\$ 61,000	\$ -	\$ (61,000)
Charges for services	-	-	276,885	276,885
Interest income	-	-	89,215	89,215
Impact fees	1,570,000	1,570,000	664,290	(905,710)
<b>Total revenues</b>	<u>1,631,000</u>	<u>1,631,000</u>	<u>1,071,026</u>	<u>(559,974)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	-	-	15,200	(15,200)
Total current expenditures	-	-	15,200	(15,200)
Capital outlay:				
Capital outlay	4,526,275	4,674,318	849,882	3,824,436
<b>Total expenditures</b>	<u>4,526,275</u>	<u>4,674,318</u>	<u>865,082</u>	<u>3,809,236</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,895,275)</u>	<u>(3,043,318)</u>	<u>205,944</u>	<u>3,249,262</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,200,000	1,200,000	1,277,460	77,460
Transfers to other funds	-	-	(169,902)	(169,902)
<b>Total other financing sources (uses):</b>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,107,558</u>	<u>(92,442)</u>
<b>Net change in fund balance</b>	<u>\$ (1,695,275)</u>	<u>\$ (1,843,318)</u>	1,313,502	<u>\$ 3,156,820</u>
<b>Fund balance at beginning of year</b>			4,950,842	
<b>Fund balance at end of year</b>			<u>\$ 6,264,344</u>	



**PROVO CITY CORPORATION**  
**Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – General CIP Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Community revitalization	-	5,583,270	38,171	5,545,099
Total current expenditures	-	5,583,270	38,171	5,545,099
Capital outlay:				
Capital outlay	-	-	1,203,155	(1,203,155)
<b>Total expenditures</b>	<u>-</u>	<u>5,583,270</u>	<u>1,241,326</u>	<u>4,341,944</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(5,583,270)</u>	<u>(1,241,326)</u>	<u>4,341,944</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	636,901	636,901	-	(636,901)
<b>Total other financing sources (uses):</b>	<u>636,901</u>	<u>636,901</u>	<u>-</u>	<u>(636,901)</u>
<b>Net change in fund balance</b>	<u>\$ 636,901</u>	<u>\$ (4,946,369)</u>	<u>(1,241,326)</u>	<u>\$ 3,705,043</u>
<b>Fund balance at beginning of year</b>			<u>3,306,286</u>	
<b>Fund balance at end of year</b>			<u>\$ 2,064,960</u>	

**PROVO CITY CORPORATION**  
**Combining Statement of Net Position – Nonmajor Enterprise Funds**  
**June 30, 2018**

	<b>Business-type Activities-Enterprise Funds</b>					<b>Total</b>
	<b>Golf Course</b>	<b>Utility Transportation</b>	<b>Sanitation</b>	<b>Storm Drain</b>	<b>Ice Sheet</b>	
<b>Assets</b>						
<b>Current Assets:</b>						
Cash	\$ 74,706	\$ 2,055,120	\$ 229,780	\$ 1,081,980	\$ 1,022,668	\$ 4,464,254
Restricted cash	-	-	-	79,093	-	79,093
Accounts receivable	-	144,546	566,518	550,730	300	1,262,094
<b>Total Current Assets</b>	<b>74,706</b>	<b>2,199,666</b>	<b>796,298</b>	<b>1,711,803</b>	<b>1,022,968</b>	<b>5,805,441</b>
<b>Noncurrent Assets:</b>						
Capital Assets:						
Non Depreciable	25,065,446	-	155,645	546,785	4,380,100	30,147,976
Depreciable assets	1,520,998	-	240,246	18,985,423	6,487,165	27,233,832
Net Capital Assets	26,586,444	-	395,891	19,532,208	10,867,265	57,381,808
Net pension asset	5,139	-	10,290	10,291	4	25,724
Equity in Joint Venture	-	-	9,336,285	-	-	9,336,285
<b>Total Noncurrent Assets</b>	<b>26,591,583</b>	<b>-</b>	<b>9,742,466</b>	<b>19,542,499</b>	<b>10,867,269</b>	<b>66,743,817</b>
<b>Total Assets</b>	<b>26,666,289</b>	<b>2,199,666</b>	<b>10,538,764</b>	<b>21,254,302</b>	<b>11,890,237</b>	<b>72,549,258</b>
<b>Deferred outflows of resources</b>						
Deferred outflows related to pensions	73,677	-	147,342	147,367	54	368,440
<b>Total deferred outflows of resources</b>	<b>73,677</b>	<b>-</b>	<b>147,342</b>	<b>147,367</b>	<b>54</b>	<b>368,440</b>
<b>Liabilities &amp; Net Position</b>						
<b>Liabilities:</b>						
Accounts payable	53,922	115,843	241,446	44,404	70,533	526,148
Accrued liabilities	34,547	-	52,371	27,825	15,006	129,749
Customer deposits	1,373	-	-	-	-	1,373
Accrued interest payable	-	-	-	14,903	-	14,903
Accrued compensated absences	6,687	-	42,885	19,722	1,826	71,120
Bonds, leases and loans payable	-	-	-	610,000	-	610,000
<b>Total Current Liabilities</b>	<b>96,529</b>	<b>115,843</b>	<b>336,702</b>	<b>716,854</b>	<b>87,365</b>	<b>1,353,293</b>
<b>Long-term Liabilities</b>						
Accrued compensated absences	15,603	-	100,065	46,017	4,261	165,946
Unearned revenue	-	-	-	-	5,000	5,000
Net OPEB payable	-	-	146,409	280,617	12,201	439,227
Net pension liability	96,708	-	193,418	193,452	5	483,583
Bonds payable	-	-	-	3,348,519	-	3,348,519
<b>Total Long-term Liabilities</b>	<b>112,311</b>	<b>-</b>	<b>439,892</b>	<b>3,868,605</b>	<b>21,467</b>	<b>4,442,275</b>
<b>Total Liabilities</b>	<b>208,840</b>	<b>115,843</b>	<b>776,594</b>	<b>4,585,459</b>	<b>108,832</b>	<b>5,795,568</b>
<b>Deferred inflows of resources</b>						
Deferred inflows related to pensions	68,030	-	136,058	136,081	51	340,220
Deferred inflows related to OPEB	-	-	2,811	5,387	234	8,432
<b>Total deferred inflows of resources</b>	<b>68,030</b>	<b>-</b>	<b>138,869</b>	<b>141,468</b>	<b>285</b>	<b>348,652</b>
<b>Net Position</b>						
Net investment in capital assets	26,586,444	-	395,891	15,652,782	10,867,265	53,502,382
Restricted for:						
Debt service	-	-	-	893	-	893
Unrestricted	(123,348)	2,083,823	9,374,752	1,021,067	913,909	13,270,203
<b>Total Net Position</b>	<b>\$ 26,463,096</b>	<b>\$ 2,083,823</b>	<b>\$ 9,770,643</b>	<b>\$ 16,674,742</b>	<b>\$ 11,781,174</b>	<b>\$ 66,773,478</b>

**PROVO CITY CORPORATION**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position –**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

**Business-type Activities-Enterprise Funds**

	Golf Course	Utility Transportation	Sanitation	Storm Drain	Ice Sheet	Total
<b>Operating Revenues:</b>						
Charges for services	\$ 813,220	\$ 2,133,216	\$ 4,974,791	\$ 4,865,962	\$ 838,393	\$ 13,625,582
Fees & rentals	1,037	-	-	9,740	397,988	408,765
Miscellaneous	984	(5,750)	213,288	54,040	1,301	263,863
<b>Total operating revenues</b>	<b>815,241</b>	<b>2,127,466</b>	<b>5,188,079</b>	<b>4,929,742</b>	<b>1,237,682</b>	<b>14,298,210</b>
<b>Operating expenses:</b>						
Salaries and wages	387,904	-	898,455	522,581	418,375	2,227,315
Employee benefits	121,029	-	510,139	245,586	149,122	1,025,876
Operating expenses	484,434	2,871,069	2,853,438	1,311,872	670,337	8,191,150
Depreciation	190,147	-	8,226	328,075	403,087	929,535
<b>Total operating expenses</b>	<b>1,183,514</b>	<b>2,871,069</b>	<b>4,270,258</b>	<b>2,408,114</b>	<b>1,640,921</b>	<b>12,373,876</b>
<b>Operating income (loss)</b>	<b>( 368,273)</b>	<b>(743,603)</b>	<b>917,821</b>	<b>2,521,628</b>	<b>( 403,239)</b>	<b>1,924,334</b>
<b>Nonoperating revenues (expenses)</b>						
Intergovernmental revenue	-	-	-	-	250,000	250,000
Interest income	1,792	34,112	7,983	30,613	10,651	85,151
Interest expense	-	-	-	(201,564)	-	(201,564)
Joint Venture gain (loss)	-	-	987,163	-	-	987,163
<b>Total nonoperating revenues (expenses)</b>	<b>1,792</b>	<b>34,112</b>	<b>995,146</b>	<b>(170,951)</b>	<b>260,651</b>	<b>1,120,750</b>
<b>Income (loss) before contributions, and transfers</b>	<b>( 366,481)</b>	<b>(709,491)</b>	<b>1,912,967</b>	<b>2,350,677</b>	<b>( 142,588)</b>	<b>3,045,084</b>
Capital contributions	-	-	-	503,962	5,961,881	6,465,843
Transfers in	111,936	-	-	-	5,961,881	6,073,817
Transfers out	-	-	(606,615)	(575,954)	-	(1,182,569)
<b>Change in Net Position</b>	<b>( 254,545)</b>	<b>( 709,491)</b>	<b>1,306,352</b>	<b>2,278,685</b>	<b>11,781,174</b>	<b>14,402,175</b>
<b>Net Position at beginning of year, restated</b>	<b>26,717,641</b>	<b>2,793,314</b>	<b>8,464,291</b>	<b>14,396,057</b>	<b>-</b>	<b>52,371,303</b>
<b>Net Position at end of year</b>	<b>\$ 26,463,096</b>	<b>\$ 2,083,823</b>	<b>\$ 9,770,643</b>	<b>\$ 16,674,742</b>	<b>\$ 11,781,174</b>	<b>\$ 66,773,478</b>

**PROVO CITY CORPORATION**  
**Combining Statement of Cash Flows – Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

	Golf Course	Utility Transportation	Sanitation	Storm Drain	Ice Sheet	Total
Cash flows from operating activities:						
Receipts from customers and users	\$ 815,241	\$ 2,118,025	\$ 5,127,891	\$ 4,841,849	\$ 1,237,682	\$ 14,140,688
Payments to suppliers	(497,907)	(2,857,599)	(2,735,231)	(1,729,726)	(647,372)	(8,467,835)
Payments to employees	(527,449)	-	(1,440,178)	(887,690)	(566,459)	(3,421,776)
Net cash provided (used) by operating activities	<u>(210,115)</u>	<u>(739,574)</u>	<u>952,482</u>	<u>2,224,433</u>	<u>23,851</u>	<u>2,251,077</u>
Cash flows from noncapital financing activities:						
Loans due to other funds	(571)	-	(106,622)	-	-	(107,193)
Impact fees	-	-	-	503,962	-	503,962
Federal and state grants	-	-	-	-	420,700	420,700
Transfers from other funds	111,936	-	-	-	-	111,936
Transfers to other funds	-	-	(606,615)	(575,954)	-	(1,182,569)
Net cash provided (used) by noncapital financing activities	<u>111,365</u>	<u>-</u>	<u>(713,237)</u>	<u>(71,992)</u>	<u>420,700</u>	<u>(253,164)</u>
Cash flows from capital and related financing activities:						
Payments for capital acquisitions	(2,669)	-	(17,448)	(2,398,710)	-	(2,418,827)
Principal paid on bonds payable	-	-	-	(595,000)	-	(595,000)
Interest paid on bonds payable	-	-	-	(208,925)	-	(208,925)
Net cash provided (used) by capital and related financing activities	<u>(2,669)</u>	<u>-</u>	<u>(17,448)</u>	<u>(3,202,635)</u>	<u>-</u>	<u>(3,222,752)</u>
Cash flows from investing activities:						
Receipts of interest	1,792	34,112	7,983	30,613	10,651	85,151
Net cash provided by investing activities	<u>1,792</u>	<u>34,112</u>	<u>7,983</u>	<u>30,613</u>	<u>10,651</u>	<u>85,151</u>
Net increase (decrease) in cash	(99,627)	(705,462)	229,780	(1,019,581)	455,202	(1,139,688)
Cash at beginning of year	174,333	2,760,582	-	2,180,654	567,466	5,683,035
Cash at end of year	<u>\$ 74,706</u>	<u>\$ 2,055,120</u>	<u>\$ 229,780</u>	<u>\$ 1,161,073</u>	<u>\$ 1,022,668</u>	<u>\$ 4,543,347</u>
Cash at end of year consists of:						
Cash	\$ 74,706	\$ 2,055,120	\$ 229,780	\$ 1,081,980	\$ 1,022,668	\$4,464,254
Restricted cash	-	-	-	79,093	-	79,093
Total Cash	<u>\$ 74,706</u>	<u>\$ 2,055,120</u>	<u>\$ 229,780</u>	<u>\$ 1,161,073</u>	<u>\$ 1,022,668</u>	<u>\$ 4,543,347</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (368,273)	\$ (743,603)	\$ 917,821	\$ 2,521,628	\$ (403,239)	\$ 1,924,334
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	190,147	-	8,226	328,075	403,086	929,534
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	-	(9,441)	(60,188)	(87,893)	-	(157,522)
Increase (decrease) in accounts payable	-	13,470	118,207	(417,854)	22,966	(\$263,211)
Increase (decrease) in accrued liabilities	(36,449)	-	(30,814)	(65,372)	10,381	(122,254)
Increase (decrease) in unearned revenue	17,407	-	-	-	-	17,407
Increase (decrease) in customer deposits	(117)	-	-	-	-	(117)
Increase (decrease) in accrued compensated absences	(12,830)	-	(770)	(54,151)	(9,343)	(77,094)
Net cash provided (used) by operating activities	<u>\$ (210,115)</u>	<u>\$ (739,574)</u>	<u>\$ 952,482</u>	<u>\$ 2,224,433</u>	<u>\$ 23,851</u>	<u>\$ 2,251,077</u>

**PROVO CITY CORPORATION**  
**Combining Statement of Net Position – Internal Service Funds**  
**June 30, 2018**

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Telecom	Total Internal Service Funds
<b>Assets</b>									
Current Assets:									
Cash	\$ 646,793	\$ 5,634,219	\$ 1,859,940	\$ 4,631,005	\$ 370,266	\$ -	\$ 855,074	\$ 2,753,882	\$ 16,751,179
Restricted cash	-	-	-	136,084	-	-	-	-	136,084
Accounts receivable	-	-	-	-	-	-	486	-	486
Inventory	19,756	-	-	121,868	-	-	-	-	141,624
<b>Total Current Assets</b>	<b>666,549</b>	<b>5,634,219</b>	<b>1,859,940</b>	<b>4,888,957</b>	<b>370,266</b>	<b>-</b>	<b>855,560</b>	<b>2,753,882</b>	<b>17,029,373</b>
Capital Assets									
Non Depreciable assets	-	-	-	350,521	-	-	-	31,165	381,686
Depreciable assets	159,140	1,547	-	13,186,202	106,761	-	59,878	17,405	13,530,933
<b>Net Capital Assets</b>	<b>159,140</b>	<b>1,547</b>	<b>-</b>	<b>13,536,723</b>	<b>106,761</b>	<b>-</b>	<b>59,878</b>	<b>48,570</b>	<b>13,912,619</b>
Other Assets:									
Net pension asset	20,567	-	-	5,321	-	-	10,284	-	36,172
<b>Total Other Assets</b>	<b>20,567</b>	<b>-</b>	<b>-</b>	<b>5,321</b>	<b>-</b>	<b>-</b>	<b>10,284</b>	<b>-</b>	<b>36,172</b>
<b>Total Assets</b>	<b>846,256</b>	<b>5,635,766</b>	<b>1,859,940</b>	<b>18,431,001</b>	<b>477,027</b>	<b>-</b>	<b>925,722</b>	<b>2,802,452</b>	<b>30,978,164</b>
<b>Deferred outflows of resources</b>									
Deferred outflows related to pensions	294,699	-	-	76,281	-	-	147,295	-	518,275
<b>Total deferred outflows of resources</b>	<b>294,699</b>	<b>-</b>	<b>-</b>	<b>76,281</b>	<b>-</b>	<b>-</b>	<b>147,295</b>	<b>-</b>	<b>518,275</b>
<b>Liabilities:</b>									
Current Liabilities									
Accounts payable	113,598	60,571	446,260	551,560	(677)	-	7,450	20,440	1,199,202
Accrued liabilities	64,453	3,171,266	388,399	22,888	-	-	20,875	-	3,667,881
Accrued interest payable	-	-	-	11,492	-	-	-	-	11,492
Due within one year:									
Accrued Compensated Absences	53,852	-	-	17,874	-	-	18,278	-	90,004
Leases and notes payable	-	-	-	241,362	-	-	-	-	241,362
<b>Total Current Liabilities</b>	<b>231,903</b>	<b>3,231,837</b>	<b>834,659</b>	<b>845,176</b>	<b>(677)</b>	<b>-</b>	<b>46,603</b>	<b>20,440</b>	<b>5,209,941</b>
Noncurrent Liabilities									
Accrued compensated absences	125,655	-	-	41,706	-	-	42,650	-	210,011
Net OPEB payable	122,007	-	-	134,208	-	-	61,004	-	317,219
Net pension liability	386,834	-	-	100,129	-	-	193,353	-	680,316
Lease payable	-	-	-	1,562,410	-	-	-	-	1,562,410
<b>Total Noncurrent Liabilities</b>	<b>634,496</b>	<b>-</b>	<b>-</b>	<b>1,838,453</b>	<b>-</b>	<b>-</b>	<b>297,007</b>	<b>-</b>	<b>2,769,956</b>
<b>Total Liabilities</b>	<b>866,399</b>	<b>3,231,837</b>	<b>834,659</b>	<b>2,683,629</b>	<b>(677)</b>	<b>-</b>	<b>343,610</b>	<b>20,440</b>	<b>7,979,897</b>
<b>Deferred inflows of resources</b>									
Deferred inflows related to pensions	272,120	-	-	70,435	-	-	136,012	-	478,567
Deferred inflows related to OPEB	2,342	-	-	2,577	-	-	1,171	-	6,090
<b>Total deferred inflows of resources</b>	<b>274,462</b>	<b>-</b>	<b>-</b>	<b>73,012</b>	<b>-</b>	<b>-</b>	<b>137,183</b>	<b>-</b>	<b>484,657</b>
<b>Net Position</b>									
Net investment in capital assets	159,140	1,547	-	11,732,951	106,761	-	59,878	48,570	12,108,847
Unrestricted	(159,046)	2,402,382	1,025,281	4,017,690	370,943	-	532,346	2,733,442	10,923,038
<b>Total Net Position</b>	<b>\$94</b>	<b>\$2,403,929</b>	<b>\$1,025,281</b>	<b>\$15,750,641</b>	<b>\$477,704</b>	<b>\$0</b>	<b>\$592,224</b>	<b>\$2,782,012</b>	<b>\$23,031,885</b>

**PROVO CITY CORPORATION**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position –**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Telecom	Total Internal Service Funds
<b>Operating Revenues:</b>									
Charges for services	\$ 2,858,258	\$ 2,482,496	\$ 1,475,453	\$ 6,343,720	\$ 477,286	\$ -	\$ 1,949,075	\$ 300,707	\$ 15,886,995
Miscellaneous	49,732	147,024	-	291,075	-	-	2,340	-	490,171
Taxes	-	-	-	-	-	-	-	203,861	203,861
<b>Total operating revenues</b>	<b>2,907,990</b>	<b>2,629,520</b>	<b>1,475,453</b>	<b>6,634,795</b>	<b>477,286</b>	<b>-</b>	<b>1,951,415</b>	<b>504,568</b>	<b>16,581,027</b>
<b>Operating expenses:</b>									
Salaries and wages	1,085,677	116,228	66,528	370,977	-	-	345,281	-	1,984,691
Employee benefits	594,274	375	43,289	210,404	-	-	198,383	-	1,046,725
Operating expenses	1,339,921	2,270,700	1,786,720	1,701,310	374,180	-	619,049	23,202	8,115,082
Depreciation	33,837	3,517	-	3,934,876	52,896	-	19,581	17,320	4,062,027
<b>Total operating expenses</b>	<b>3,053,709</b>	<b>2,390,820</b>	<b>1,896,537</b>	<b>6,217,567</b>	<b>427,076</b>	<b>-</b>	<b>1,182,294</b>	<b>40,522</b>	<b>15,208,525</b>
<b>Operating income (loss)</b>	<b>(145,719)</b>	<b>238,700</b>	<b>(421,084)</b>	<b>417,228</b>	<b>50,210</b>	<b>-</b>	<b>769,121</b>	<b>464,046</b>	<b>1,372,502</b>
<b>Nonoperating revenues (expenses)</b>									
Interest income	1,057	73,859	19,058	14,765	3,400	-	471	38,141	150,751
Interest on debt	-	-	-	(29,619)	-	-	-	-	(29,619)
Gain (loss) on disposition of assets	-	-	-	3,824	-	-	-	-	3,824
<b>Total nonoperating revenues (expenses)</b>	<b>1,057</b>	<b>73,859</b>	<b>19,058</b>	<b>(11,030)</b>	<b>3,400</b>	<b>-</b>	<b>471</b>	<b>38,141</b>	<b>124,956</b>
<b>Income (loss) before transfers</b>	<b>(144,662)</b>	<b>312,559</b>	<b>(402,026)</b>	<b>406,198</b>	<b>53,610</b>	<b>-</b>	<b>769,592</b>	<b>502,187</b>	<b>1,497,458</b>
<b>Transfers</b>									
Transfers from other funds	101,176	-	-	125,000	-	-	-	-	226,176
<b>Total transfers</b>	<b>101,176</b>	<b>-</b>	<b>-</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,176</b>
<b>Change in net position</b>	<b>(43,486)</b>	<b>312,559</b>	<b>(402,026)</b>	<b>531,198</b>	<b>53,610</b>	<b>-</b>	<b>769,592</b>	<b>502,187</b>	<b>1,723,634</b>
<b>Net Position - beginning of year, restated</b>	<b>43,580</b>	<b>2,091,370</b>	<b>1,427,307</b>	<b>15,219,443</b>	<b>424,094</b>	<b>-</b>	<b>(177,368)</b>	<b>2,279,825</b>	<b>21,308,251</b>
<b>Net Position - end of year</b>	<b>\$ 94</b>	<b>\$ 2,403,929</b>	<b>\$ 1,025,281</b>	<b>\$ 15,750,641</b>	<b>\$ 477,704</b>	<b>\$ -</b>	<b>\$ 592,224</b>	<b>\$ 2,782,012</b>	<b>\$ 23,031,885</b>

**PROVO CITY CORPORATION**  
**Combining Statement of Cash Flows – Internal Service Funds**  
**For the Year Ended June 30, 2018**

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Telecom	Total Internal Service Funds
<b>Cash flows from operating activities:</b>									
Receipts from customers and users	\$ 2,907,990	\$ 2,629,520	\$ 1,475,453	\$ 6,634,795	\$ 477,286	\$ -	\$ 1,950,929	\$ 504,568	\$ 16,580,541
Payments to suppliers	(1,293,768)	(1,491,034)	-	(2,361,286)	(379,501)	-	(608,356)	(2,761)	(6,136,706)
Payments to employees	(1,723,978)	(116,603)	(109,817)	(610,699)	-	-	(566,736)	-	(3,127,833)
Payments for claims	-	-	(1,359,724)	-	-	-	-	-	(1,359,724)
Net cash provided (used) by operating activities	<u>(109,756)</u>	<u>1,021,883</u>	<u>5,912</u>	<u>3,662,810</u>	<u>97,785</u>	<u>-</u>	<u>775,837</u>	<u>501,807</u>	<u>5,956,278</u>
<b>Cash flows from noncapital financing activities:</b>									
Loans due from other funds	-	-	-	140,891	-	125,717	-	-	266,608
Loans due to other funds	-	-	-	-	-	(125,717)	-	-	(125,717)
Transfers from other funds	101,176	-	-	125,000	-	-	-	-	226,176
Net cash provided (used) by noncapital financing activities	<u>101,176</u>	<u>-</u>	<u>-</u>	<u>265,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,067</u>
<b>Cash flows from capital and related financing activities:</b>									
Payments for capital acquisitions	-	-	-	(5,326,397)	-	-	-	-	(5,326,397)
Proceeds from sale of capital assets	-	-	-	139,452	-	-	-	-	139,452
Principal paid on notes and lease payable	-	-	-	(236,228)	-	-	-	-	(236,228)
Interest paid on notes & lease payable	-	-	-	(44,337)	-	-	-	-	(44,337)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,467,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,467,510)</u>
<b>Cash flows from investing activities:</b>									
Receipts of interest	1,057	73,860	19,058	14,765	3,400	-	471	38,141	150,752
Net cash provided by investing activities	<u>1,057</u>	<u>73,860</u>	<u>19,058</u>	<u>14,765</u>	<u>3,400</u>	<u>-</u>	<u>471</u>	<u>38,141</u>	<u>150,752</u>
Net increase (decrease) in cash	(7,523)	1,095,743	24,970	(1,524,044)	101,185	-	776,308	539,948	1,006,587
Cash at beginning of year	654,316	4,538,476	1,834,970	6,291,133	269,081	-	78,766	2,213,934	15,880,676
Cash at end of year	<u>\$ 646,793</u>	<u>\$ 5,634,219</u>	<u>\$ 1,859,940</u>	<u>\$ 4,767,089</u>	<u>\$ 370,266</u>	<u>\$ -</u>	<u>\$ 855,074</u>	<u>\$ 2,753,882</u>	<u>\$ 16,887,263</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>									
Operating income (loss)	\$ (145,719)	\$ 238,700	\$ (421,084)	\$ 417,228	\$ 50,210	\$ -	\$ 769,121	\$ 464,046	\$ 1,372,502
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>									
Depreciation	33,837	3,517	-	3,934,877	52,895	-	19,581	17,321	4,062,028
<b>Changes in assets and liabilities:</b>									
Decrease (increase) in inventory	(18,944)	-	-	-	-	-	-	-	(18,944)
Increase (decrease) in accounts payable	65,097	(465,193)	425,383	(666,096)	(5,320)	-	(9,150)	20,440	(634,839)
Increase (decrease) in accrued liabilities	(26,750)	1,244,859	1,613	(21,897)	-	-	(16,085)	-	1,181,740
Increase (decrease) in accrued compensated absences	(17,277)	-	-	(1,302)	-	-	12,856	-	(5,723)
Net cash provided (used) by operating activities	<u>\$ (109,756)</u>	<u>\$ 1,021,883</u>	<u>\$ 5,912</u>	<u>\$ 3,662,810</u>	<u>\$ 97,785</u>	<u>\$ -</u>	<u>\$ 775,837</u>	<u>\$ 501,807</u>	<u>\$ 5,956,278</u>

**PROVO CITY CORPORATION**  
**Statistical Section (unaudited)**

This part of Provo City's Comprehensive Annual Financial Report presents detailed information as a context for better understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section into five main categories as follows:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.



**PROVO CITY CORPORATION**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 234,360	\$ 240,328	\$ 200,011	\$ 257,442	\$ 256,354	\$ 295,912	\$ 302,153	\$ 297,887	\$ 281,052	\$ 282,889
Restricted	6,967	5,785	7,023	5,669	8,575	10,213	9,152	9,012	8,636	8,044
Unrestricted	<u>90,323</u>	<u>85,202</u>	<u>123,775</u>	<u>82,645</u>	<u>62,192</u>	<u>34,584</u>	<u>21,064</u>	<u>32,769</u>	<u>59,078</u>	<u>55,099</u>
Total governmental activities net position	<u>\$ 331,650</u>	<u>\$ 331,315</u>	<u>\$ 330,809</u>	<u>\$ 345,756</u>	<u>\$ 327,121</u>	<u>\$ 340,709</u>	<u>\$ 332,369</u>	<u>\$ 339,668</u>	<u>\$ 348,766</u>	<u>\$ 346,032</u>
<b>Business type activities</b>										
Net investment in capital assets	\$ 150,016	\$ 155,515	\$ 161,660	\$ 162,495	\$ 174,365	\$ 184,123	\$ 195,163	\$ 206,938	\$ 215,012	\$ 225,102
Restricted	5,975	9,433	10,535	11,550	2,114	1,452	1,554	1,790	1,177	1,173
Unrestricted	<u>26,369</u>	<u>17,251</u>	<u>18,132</u>	<u>23,769</u>	<u>36,517</u>	<u>41,333</u>	<u>40,028</u>	<u>45,326</u>	<u>47,872</u>	<u>55,987</u>
Total business-type activities net position	<u>\$ 182,360</u>	<u>\$ 182,199</u>	<u>\$ 190,327</u>	<u>\$ 197,813</u>	<u>\$ 212,996</u>	<u>\$ 226,908</u>	<u>\$ 236,745</u>	<u>\$ 254,054</u>	<u>\$ 264,061</u>	<u>\$ 282,262</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 384,376	\$ 395,843	\$ 361,671	\$ 419,936	\$ 430,719	\$ 480,035	\$ 497,316	\$ 504,825	\$ 496,064	\$ 507,991
Restricted	12,942	15,219	17,557	17,219	10,689	11,665	10,706	10,802	9,813	9,217
Unrestricted	<u>116,692</u>	<u>102,453</u>	<u>141,907</u>	<u>106,414</u>	<u>98,709</u>	<u>75,917</u>	<u>61,092</u>	<u>78,096</u>	<u>106,950</u>	<u>111,086</u>
Total primary government net position	<u>\$ 514,010</u>	<u>\$ 513,515</u>	<u>\$ 521,136</u>	<u>\$ 543,569</u>	<u>\$ 540,117</u>	<u>\$ 567,617</u>	<u>\$ 569,114</u>	<u>\$ 593,722</u>	<u>\$ 612,827</u>	<u>\$ 628,294</u>

**PROVO CITY CORPORATION**  
**Changes in Net Position**  
**(accrual basis of accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 15,822,045	\$ 14,551,210	\$ 17,545,606	\$ 13,825,444	\$ 13,954,338	\$ 16,413,265	\$ 10,446,120	\$ 15,094,178	\$ 9,947,222	\$ 15,223,591
Public safety	23,139,485	21,951,681	22,667,366	22,673,016	24,565,965	26,060,376	29,587,970	29,556,038	33,145,039	35,567,703
Public services	7,371,275	6,811,313	6,878,502	7,019,330	7,290,403	3,530,835	5,433,480	4,333,204	6,638,270	4,630,125
Community revitalization	5,118,755	2,184,407	4,129,887	2,840,223	4,048,016	15,226,330	3,806,559	10,815,047	15,258,704	11,015,227
Culture and Recreation	12,265,530	11,840,073	11,533,298	11,463,920	12,256,143	6,601,685	20,294,364	16,249,311	17,622,058	18,415,600
Interest on long-term debt	<u>2,945,656</u>	<u>2,748,353</u>	<u>2,574,376</u>	<u>2,757,148</u>	<u>3,707,262</u>	<u>3,867,154</u>	<u>3,405,382</u>	<u>3,253,889</u>	<u>3,038,788</u>	<u>2,551,409</u>
Total governmental activities expenses	<u>66,662,746</u>	<u>60,087,037</u>	<u>65,329,035</u>	<u>60,579,081</u>	<u>65,822,127</u>	<u>71,699,645</u>	<u>72,973,875</u>	<u>79,301,667</u>	<u>85,650,081</u>	<u>87,403,655</u>
<b>Business-type activities:</b>										
Golf course	1,172,276	982,886	983,079	1,053,754	1,052,088	992,369	1,019,338	1,141,607	1,141,024	1,176,952
Water	5,467,837	5,435,207	5,402,807	5,196,862	5,533,038	7,204,403	7,904,688	7,973,382	8,262,139	9,857,885
Waste water	4,191,024	3,984,906	3,907,991	3,379,405	3,446,357	4,230,141	5,287,897	5,310,180	7,243,811	6,699,620
Energy	45,022,457	44,635,098	48,952,619	51,274,077	51,751,914	53,976,637	58,138,440	57,763,462	62,306,764	70,813,011
Airport	2,334,763	1,745,972	1,360,835	1,498,158	2,061,008	1,719,947	1,839,029	1,906,741	3,299,881	3,478,456
Utility transportation								1,946,733	2,393,632	2,871,069
Sanitation	3,045,662	3,048,964	3,221,859	3,560,083	3,191,451	3,939,018	4,498,128	2,341,642	4,040,055	4,195,985
Storm drain	1,912,020	1,847,081	1,797,059	2,024,820	1,978,902	2,101,482	2,651,205	2,523,765	3,051,105	2,639,894
Ice Sheet	-	-	-	-	-	-	-	-	-	<u>1,640,921</u>
Total business-type activities expenses	<u>63,146,039</u>	<u>61,680,114</u>	<u>65,626,249</u>	<u>67,987,159</u>	<u>69,014,758</u>	<u>74,163,997</u>	<u>81,338,725</u>	<u>80,907,512</u>	<u>91,738,411</u>	<u>103,373,793</u>
Total primary government expenses	<u>\$ 129,808,785</u>	<u>\$ 121,767,151</u>	<u>\$ 130,955,284</u>	<u>\$ 128,566,240</u>	<u>\$ 134,836,885</u>	<u>\$ 145,863,642</u>	<u>\$ 154,312,600</u>	<u>\$ 160,209,179</u>	<u>\$ 177,388,492</u>	<u>\$ 190,777,448</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	4,652,151	4,516,754	5,326,761	4,835,523	4,530,922	690,216	2,492,797	2,174,918	782,851	485,976
Public safety	1,411,838	1,609,902	2,148,201	1,186,789	1,829,277	1,885,472	1,803,240	1,948,547	1,741,913	1,815,950
Public services	70,602	34,999	99,315	179,750	266,274	614,765	1,167,202	817,255	2,288,295	3,347,881
Community revitalization	1,162,629	1,190,883	(162,154)	484,483	395,934	1,883,310	1,891,662	3,822,107	2,875,746	1,618,026
Culture and Recreation	1,654,694	1,711,533	1,741,247	1,699,689	2,524,329	4,676,859	5,214,075	5,694,551	7,012,592	7,198,747
Operating grants and contributions	8,002,795	6,827,978	8,355,345	11,801,818	9,739,605	14,389,040	13,385,474	12,882,537	17,459,101	17,674,626
Capital grants and contributions	<u>7,699,771</u>	<u>115,823</u>	<u>146,504</u>	<u>492,655</u>	<u>996,567</u>	<u>234,646</u>	<u>70,635</u>	<u>29,838</u>	<u>1,513,967</u>	<u>3,378,973</u>
Total governmental activities program revenues	<u>\$ 24,654,480</u>	<u>\$ 16,007,872</u>	<u>\$ 17,655,219</u>	<u>\$ 20,680,707</u>	<u>\$ 20,282,908</u>	<u>\$ 24,374,308</u>	<u>\$ 26,025,085</u>	<u>\$ 27,369,753</u>	<u>\$ 33,674,465</u>	<u>\$ 35,520,179</u>
<b>Business-type activities:</b>										
Charges for services:										
Golf Course	465,469	532,722	514,414	548,169	556,005	620,765	775,243	809,593	808,011	814,257
Water	6,580,030	6,323,416	7,254,338	7,924,920	8,537,155	8,885,615	9,181,433	11,261,939	13,039,982	14,192,661
Waste water	4,866,018	4,953,298	5,590,397	5,393,304	5,549,311	5,110,036	6,028,493	8,094,637	9,504,838	11,299,581
Energy	46,288,566	45,791,657	52,170,100	59,227,359	62,988,867	66,169,618	68,259,149	71,028,670	73,105,744	73,301,830
Airport	230,445	211,546	235,591	221,062	223,228	-	-	-	375,614	631,791
Utility transportation	-	-	-	-	-	-	2,384,790	2,406,091	2,678,925	2,133,216
Sanitation	3,138,432	3,160,804	3,318,996	3,943,935	4,027,015	4,089,239	4,421,366	4,525,973	4,633,958	4,974,791
Storm drain	2,162,005	2,105,667	2,146,459	2,371,254	2,386,427	2,343,445	2,813,610	3,699,439	4,536,772	4,875,702
Ice Sheet	-	-	-	-	-	-	-	-	-	1,236,381
Operating grants and contributions	1,894,690	331,499	1,542,051	1,271,091	912,985	4,236,846	3,131,992	2,083,072	1,515,534	250,000
Capital grants and contributions	<u>448,117</u>	<u>289,940</u>	<u>481,452</u>	<u>-</u>	<u>945,298</u>	<u>444,333</u>	<u>8,724,479</u>	<u>5,428,944</u>	<u>2,630,733</u>	<u>11,816,977</u>
Total business-type activities program revenue	<u>66,073,772</u>	<u>63,700,549</u>	<u>73,253,798</u>	<u>80,901,094</u>	<u>86,126,291</u>	<u>91,899,897</u>	<u>105,720,555</u>	<u>109,338,358</u>	<u>112,830,111</u>	<u>125,527,187</u>
Total primary government program revenues	<u>\$ 90,728,252</u>	<u>\$ 79,708,421</u>	<u>\$ 90,909,017</u>	<u>\$ 101,581,801</u>	<u>\$ 106,409,199</u>	<u>\$ 116,274,205</u>	<u>\$ 131,745,640</u>	<u>\$ 136,708,111</u>	<u>\$ 146,504,576</u>	<u>\$ 161,047,366</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (42,008,266)	\$ (44,079,165)	\$ (47,673,816)	\$ (39,898,374)	\$ (45,539,219)	\$ (47,325,337)	\$ (46,948,789)	\$ (51,931,914)	\$ (51,975,616)	\$ (51,883,477)
Business-type activities	<u>3,600,025</u>	<u>2,020,435</u>	<u>7,627,549</u>	<u>12,913,935</u>	<u>17,111,533</u>	<u>17,735,900</u>	<u>24,381,830</u>	<u>28,430,846</u>	<u>21,091,700</u>	<u>22,153,394</u>
Total primary government net expense	<u>\$ (38,408,241)</u>	<u>\$ (42,058,730)</u>	<u>\$ (40,046,267)</u>	<u>\$ (26,984,439)</u>	<u>\$ (28,427,686)</u>	<u>\$ (29,589,437)</u>	<u>\$ (22,566,959)</u>	<u>\$ (23,501,068)</u>	<u>\$ (30,883,916)</u>	<u>\$ (29,730,083)</u>

**PROVO CITY CORPORATION**  
**Changes in Net Position (continued)**  
**(accrual basis of accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>General Revenues and Other Changes In Net Position</u></b>										
<b>Governmental revenues:</b>										
Property taxes	\$ 11,436,660	\$ 11,627,866	\$ 12,164,999	\$ 13,537,074	\$ 14,089,302	\$ 14,523,823	\$ 15,073,906	\$ 13,392,417	\$ 13,176,332	\$ 12,438,085
Vehicle	889,746	905,686	858,068	879,969	901,678	925,744	957,751	841,044	800,751	732,313
Sales taxes	15,121,906	13,961,851	14,287,871	15,199,015	15,811,183	16,431,948	17,005,890	17,427,786	17,918,297	18,973,348
Franchise taxes	7,503,038	7,401,878	7,716,189	8,435,172	9,139,437	9,210,230	8,968,660	9,048,377	9,600,873	9,952,771
Joint venture gain (loss)	-	-	316,065	-	-	-	-	-	-	-
RAP	-	-	-	-	-	-	-	-	1,215,568	1,277,460
Other Taxes	-	-	-	-	-	-	-	-	-	662,512
Investment earnings	2,916,499	2,268,077	2,217,494	242,580	369,740	694,827	433,330	620,547	535,793	1,250,036
Gain on sale of capital assets	-	-	-	-	-	208,663	37,960	1,687,243	194,406	1,381,050
Miscellaneous	4,219,321	762,696	4,105,425	3,579,035	2,856,860	6,694,262	1,899,668	1,900,632	2,474,606	2,031,061
Interfund loan write-off	-	-	5,357,316	-	-	-	-	-	-	-
Provision for receivable write-down	-	-	(12,773,517)	-	-	-	-	-	-	-
Transfers	<u>5,842,627</u>	<u>6,816,084</u>	<u>6,729,473</u>	<u>7,317,330</u>	<u>12,003,399</u>	<u>12,223,406</u>	<u>13,176,393</u>	<u>15,116,342</u>	<u>15,157,353</u>	<u>8,738,733</u>
<b>Total governmental activities</b>	<b>47,929,797</b>	<b>43,744,138</b>	<b>40,979,383</b>	<b>49,190,175</b>	<b>55,171,599</b>	<b>60,912,903</b>	<b>57,553,558</b>	<b>60,034,388</b>	<b>61,073,979</b>	<b>57,437,369</b>
<b>Business Activities</b>										
Joint venture gain (loss)	-	-	(550,846)	126,178	-	-	-	-	-	-
Investment earnings	626,682	253,983	54,500	1,886,348	174,346	205,319	320,033	671,981	867,623	2,051,911
Gain on sale of capital assets	-	-	-	-	-	(247,413)	-	-	-	-
Miscellaneous	2,620,491	4,380,829	4,062,154	6,848,997	6,525,809	8,442,363	2,126,041	3,322,887	3,205,018	4,658,267
Interfund loan write-off	-	-	(5,357,316)	-	-	-	-	-	-	-
Loss on sale of assets	-	-	-	-	(22,486,508)	-	-	-	-	-
Transfers	<u>(5,842,627)</u>	<u>(6,816,084)</u>	<u>(6,729,473)</u>	<u>(7,317,330)</u>	<u>(12,003,399)</u>	<u>(12,223,406)</u>	<u>(13,176,393)</u>	<u>(15,116,342)</u>	<u>(15,157,353)</u>	<u>(8,738,733)</u>
<b>Total business-type activities</b>	<b><u>(2,595,454)</u></b>	<b><u>(2,181,272)</u></b>	<b><u>(8,520,981)</u></b>	<b><u>1,544,193</u></b>	<b><u>(27,789,752)</u></b>	<b><u>(3,823,137)</u></b>	<b><u>(10,730,319)</u></b>	<b><u>(11,121,474)</u></b>	<b><u>(11,084,712)</u></b>	<b><u>(2,028,555)</u></b>
<b>Total primary government</b>	<b>45,334,343</b>	<b>41,562,866</b>	<b>32,458,402</b>	<b>50,734,368</b>	<b>27,381,847</b>	<b>57,089,766</b>	<b>46,823,239</b>	<b>48,912,914</b>	<b>49,989,267</b>	<b>55,408,814</b>
<b>Change in Net Position</b>										
Governmental activities	5,921,531	(335,027)	(6,694,433)	9,291,801	9,632,380	13,587,566	10,604,769	8,102,474	9,098,363	5,553,892
Business-type activities	<u>1,004,571</u>	<u>(160,838)</u>	<u>(893,432)</u>	<u>14,458,128</u>	<u>(13,083,748)</u>	<u>13,912,763</u>	<u>13,651,511</u>	<u>17,309,372</u>	<u>10,006,988</u>	<u>20,124,839</u>
<b>Total primary government</b>	<b>\$ <u>6,926,102</u></b>	<b>\$ <u>(495,865)</u></b>	<b>\$ <u>(7,587,865)</u></b>	<b>\$ <u>23,749,929</u></b>	<b>\$ <u>(3,451,368)</u></b>	<b>\$ <u>27,500,329</u></b>	<b>\$ <u>24,256,280</u></b>	<b>\$ <u>25,411,846</u></b>	<b>\$ <u>19,105,351</u></b>	<b>\$ <u>25,678,731</u></b>

**PROVO CITY CORPORATION**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Eight Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General fund</b>								
Nonspendable	\$ 47	\$ 49	\$ 36	\$ 61	\$ 47	\$ 86	\$ 86	\$ 86
Restricted	4,225	3,649	4,046	7,487	2,287	2,897	3,269	2,920
Assigned	640	1,433	2,135	2,211	1,968	2,002	3,716	3,074
Unassigned	<u>8,547</u>	<u>7,639</u>	<u>8,977</u>	<u>5,019</u>	<u>8,634</u>	<u>11,171</u>	<u>9,882</u>	<u>13,128</u>
Total general fund	<u>\$ 13,459</u>	<u>\$ 12,770</u>	<u>\$ 15,194</u>	<u>\$ 14,778</u>	<u>\$ 12,936</u>	<u>\$ 16,156</u>	<u>\$ 16,954</u>	<u>\$ 19,208</u>
<b>All other governmental funds</b>								
Nonspendable	\$ 11,811	\$ 15	-	-	\$ 16,722	\$ 14,640	\$ 15,455	-
Restricted	40,389	23,943	2,843	17,009	16,293	19,145	28,348	47,198
Assigned	17,797	17,322	18,190	6,297	9,126	9,757	3,669	3,545
Unassigned	<u>(1,709)</u>	<u>-</u>	<u>-</u>	<u>(741)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 68,288</u>	<u>\$ 41,280</u>	<u>\$ 21,033</u>	<u>\$ 22,565</u>	<u>\$ 42,141</u>	<u>\$ 43,542</u>	<u>\$ 47,472</u>	<u>\$ 50,743</u>

Note: This schedule usually covers the ten most recent fiscal years; however, since this is the information available as of the implementation year of GASB 54, governments are not required to report prior years.

**PROVO CITY CORPORATION**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 34,951	\$ 33,897	\$ 35,027	\$ 38,051	\$ 39,942	\$ 41,092	\$ 42,006	\$ 40,710	\$ 43,118	\$ 43,833
Licenses and permits	1,080	860	1,231	1,046	1,301	1,699	1,777	2,933	1,738	1,111
Intergovernmental	8,003	6,828	8,413	11,786	9,755	10,476	11,547	5,882	18,776	17,590
Charges for services	4,536	4,713	3,632	4,695	5,425	7,958	8,946	10,038	12,999	13,343
Fine and forfeitures	2,397	2,372	2,138	1,767	1,547	1,577	1,739	1,682	1,606	1,566
Overhead charges	-	-	-	-	-	-	-	-	1,265	-
Impact fees	547	374	1,236	685	695	1,034	1,635	887	1,514	1,170
Interest income	734	245	245	253	239	212	211	285	397	857
Loan principal repayments	2,970	1,184	1,740	1,023	712	704	-	-	-	-
Loan interest repayments	2,007	2,059	2,048	48	32	21	101	22	68	165
Lease income	735	790	743	33	36	18	20	88	43	44
Miscellaneous	4,829	4,196	5,392	4,394	3,869	6,694	3,275	4,114	401	2,097
<b>Total revenues</b>	<b>62,789</b>	<b>57,518</b>	<b>61,845</b>	<b>63,781</b>	<b>63,553</b>	<b>71,485</b>	<b>71,257</b>	<b>66,641</b>	<b>81,925</b>	<b>81,776</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	\$ 8,259	\$ 10,169	\$ 10,690	\$ 11,275	\$ 12,169	\$ 12,714	\$ 11,246	\$ 12,254	\$ 13,363	\$ 12,369
Public safety	22,475	21,253	21,438	23,179	24,541	25,322	26,576	27,007	28,838	30,471
Public services	3,192	2,758	2,862	3,182	3,497	9,059	6,798	5,094	5,776	3,952
Culture and recreation	11,260	11,101	10,946	11,174	11,995	15,359	18,600	15,039	15,333	15,868
Community revitalization	12,132	7,456	9,138	8,011	7,231	13,441	10,102	14,920	13,276	9,505
<b>Total current expenditures</b>	<b>57,318</b>	<b>52,737</b>	<b>55,074</b>	<b>56,821</b>	<b>59,433</b>	<b>75,895</b>	<b>73,322</b>	<b>74,314</b>	<b>76,586</b>	<b>72,165</b>
<b>Debt service:</b>										
Interest	\$ 2,994	\$ 2,807	\$ 2,402	\$ 2,364	\$ 3,525	\$ 3,381	\$ 3,265	\$ 4,095	\$ 3,008	\$ 2,560
Rent/Lease Principal	215	211	149	123	52	152	289	274	836	836
Principal on debt	4,635	5,151	11,761	2,901	4,389	4,536	4,749	2,691	3,686	3,824
Service fees on debt	15	13	33	8	10	91	15	11	9	178
Interest - interfund	293	291	356	120	113	37	87	22	6	-
Debt cost of issuance	-	-	469	-	-	-	-	-	-	-
<b>Total debt service</b>	<b>8,152</b>	<b>8,473</b>	<b>15,170</b>	<b>5,516</b>	<b>8,089</b>	<b>8,197</b>	<b>8,405</b>	<b>7,093</b>	<b>7,545</b>	<b>7,398</b>
<b>Capital outlay:</b>										
Capital outlay	\$ 4,123	\$ 4,156	\$ 2,283	\$ 24,940	\$ 27,271	\$ 750	\$ 474	\$ 887	\$ 7,943	\$ 13,285
<b>Total expenditures</b>	<b>69,593</b>	<b>65,366</b>	<b>72,527</b>	<b>87,277</b>	<b>94,793</b>	<b>84,842</b>	<b>82,201</b>	<b>82,294</b>	<b>92,074</b>	<b>92,848</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,804)</b>	<b>(7,848)</b>	<b>(10,682)</b>	<b>(23,496)</b>	<b>(31,240)</b>	<b>(13,357)</b>	<b>(10,944)</b>	<b>(15,653)</b>	<b>(10,149)</b>	<b>(11,073)</b>
<b>Other financing sources (uses):</b>										
Transfers from other funds	\$ 13,753	\$ 13,828	\$ 55,229	\$ 15,467	\$ 16,056	\$ 16,624	\$ 20,912	\$ 17,605	\$ 17,613	\$ 17,430
Transfers to other funds	(11,383)	(7,730)	(49,038)	(8,568)	(5,550)	(5,029)	(9,203)	(2,801)	(2,798)	(2,956)
Debt issuance	-	-	-	-	-	-	-	-	12	31,157
Note proceeds	-	-	-	-	-	544	-	5,500	-	-
Proceeds of bonds	-	-	45,280	-	-	2,334	-	-	-	-
Deposit to escrow agent	-	-	-	-	-	-	-	-	-	(29,884)
Sale of assets	61	51	487	650	291	-	975	775	61	853
<b>Total other financing sources (uses)</b>	<b>2,431</b>	<b>6,149</b>	<b>51,958</b>	<b>7,549</b>	<b>10,797</b>	<b>14,473</b>	<b>12,684</b>	<b>21,079</b>	<b>14,888</b>	<b>16,600</b>
<b>Special item:</b>										
Interfund loan write-off	-	-	5,357	-	-	-	-	-	-	-
<b>Net change in fund balances</b>										
Fund balance	(4,373)	(1,699)	46,633	(15,947)	(20,443)	1,116	1,740	5,426	4,739	5,527
Fund balance beginning of year restated	31,186	26,814	25,114	69,998	56,670	36,226	53,337	54,273	59,698	64,425
Prior period adjustment	-	-	-	-	-	-	(804)	-	-	-
<b>Fund balance at end of year</b>	<b>\$ 26,814</b>	<b>\$ 25,115</b>	<b>\$ 71,747</b>	<b>\$ 54,050</b>	<b>\$ 36,226</b>	<b>\$ 37,342</b>	<b>\$ 54,273</b>	<b>\$ 59,699</b>	<b>\$ 64,437</b>	<b>\$ 69,952</b>
<b>Debt service to noncapital expenses ratio</b>	<b>14.22%</b>	<b>16.07%</b>	<b>27.54%</b>	<b>9.71%</b>	<b>13.61%</b>	<b>10.80%</b>	<b>11.46%</b>	<b>9.54%</b>	<b>9.85%</b>	<b>10.67%</b>

\* FY14 Ratio uses Capital Outlay amount from Net Asset Reconciliation

**PROVO CITY CORPORATION**  
**GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(Unaudited)**

FISCAL YEAR	GENERAL PROPERTY TAX	Vehicle Fees (in lieu of taxes)	SALES TAX (2)	RAP TAX	LODGING TAX	MUNICIPAL ENERGY TAX	FRANCHISE TAX	TOTAL TAX REVENUE
2009	11,436	890	14,802		320	123	7,380	33,938
2010	11,627	906	13,671		291	120	7,282	32,871
2011	12,165	858	13,996		291	113	7,603	34,056
2012	13,537	880	14,910		289	108	8,327	37,064
2013	14,089	902	15,462		350	88	8,873	38,775
2014	14,524	926	16,076		325	137	7,415	38,340
2015	13,633	958	16,625		380	110	8,749	40,455
2016	13,490	841	17,010		410	90	8,869	40,710
2017	13,076	800	17,918	1,216	434	175	9,600	43,219
2018	12,438	732	18,973	1,277	465	198	9,953	44,036

(1) Includes the General, Debt Service, and Special Revenue Funds.

(2) The municipal portion of Sales Tax is 1.0% with half determined by point of sale and half by population

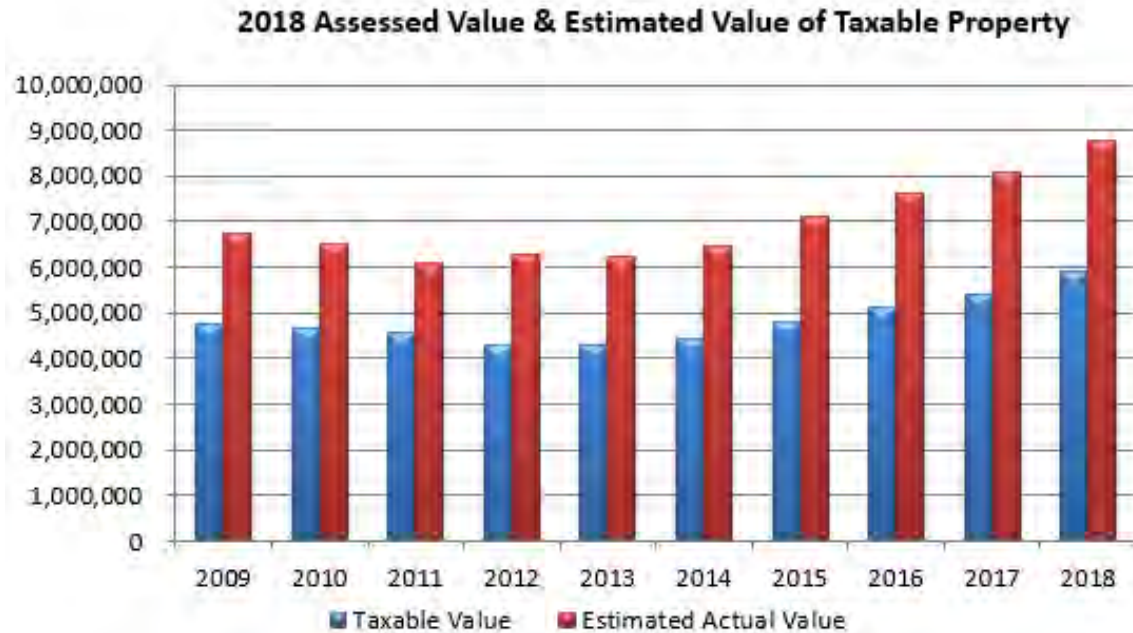
City is entitled to receive 1% of the sales tax revenue collected by the State of Utah

**PROVO CITY CORPORATION**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(Unaudited)**

TAXABLE VALUE (1)							
Fiscal Year	Real Property	Personal Property	Centrally Assessed**	Taxable Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable Value To Total Estimated Actual Value
2009	4,362,813	399,604		4,762,417	0.002307	6,741,522	70.64%
2010	4,262,569	389,053		4,651,622	0.002394	6,536,411	71.16%
2011	4,176,084	389,053		4,565,137	0.002843	6,101,974	74.81%
2012	3,935,559	263,576	87,893	4,287,028	0.003032	6,274,700	68.32%
2013	3,919,992	278,833	87,003	4,285,828	0.002956	6,251,590	68.56%
2014	4,050,731	290,965	89,865	4,431,561	0.002775	6,483,454	68.35%
2015	4,383,608	326,867	82,966	4,793,441	0.002377	7,116,336	67.36%
2016	4,683,921	347,853	101,059	5,132,833	0.002239	7,627,414	67.29%
2017	4,975,666	340,697	108,328	5,424,691	0.002089	8,104,397	66.94%
2018	5,434,300	357,035	122,362	5,913,697	0.010775	8,791,727	67.26%

(1) Source: Utah County Auditor

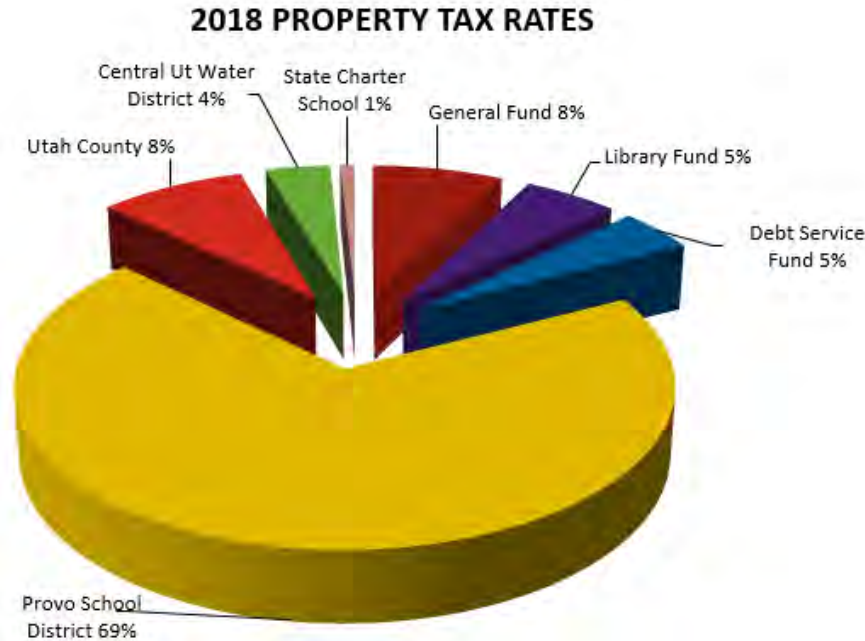
\*\* 2012 added Centrally Assessed Column



**PROVO CITY CORPORATION  
STATE OF UTAH  
PROPERTY TAX RATES--DIRECT AND OVERLAPPING GOVERNMENTS  
BASED ON \$1,000 ASSESSED VALUATION  
Last Ten Fiscal Years  
(Unaudited)**

Calendar Year	City of Provo				Other Taxing Entities (1)					Total Tax Rate
	General Fund	Library Fund	Debt Service Fund	Total	Provo School District	Utah County	Central UT Water District	State Charter School	Total	
2009	0.000915	0.000677	0.000715	0.002307	0.006639	0.000878	0.000400	N/A	0.007917	0.010224
2010	0.000951	0.000703	0.000740	0.002394	0.006706	0.001108	0.000421	N/A	0.008235	0.010629
2011	0.001032	0.000763	0.001048	0.002843	0.007153	0.001342	0.000436	N/A	0.008931	0.011774
2012	0.001053	0.000779	0.001200	0.003032	0.007319	0.001324	0.000455	N/A	0.009098	0.012130
2013	0.001035	0.000766	0.001155	0.002956	0.007094	0.001259	0.000446	N/A	0.008799	0.011755
2014	0.000976	0.000723	0.001076	0.002775	0.006636	0.001149	0.000422	N/A	0.008207	0.010982
2015	0.000964	0.000699	0.000714	0.002377	0.007568	0.001098	0.000405	N/A	0.009071	0.011448
2016	0.000914	0.000663	0.000662	0.002239	0.007883	0.001049	0.000400	N/A	0.009332	0.011571
2017	0.000857	0.000622	0.00061	0.002089	0.007244	0.000969	0.000400	0.000083	0.008696	0.010785
2018	0.000812	0.000589	0.000487	0.001888	0.007487	0.000911	0.000400	0.000089	0.008887	0.010775

(1) SOURCE: Utah County Auditor





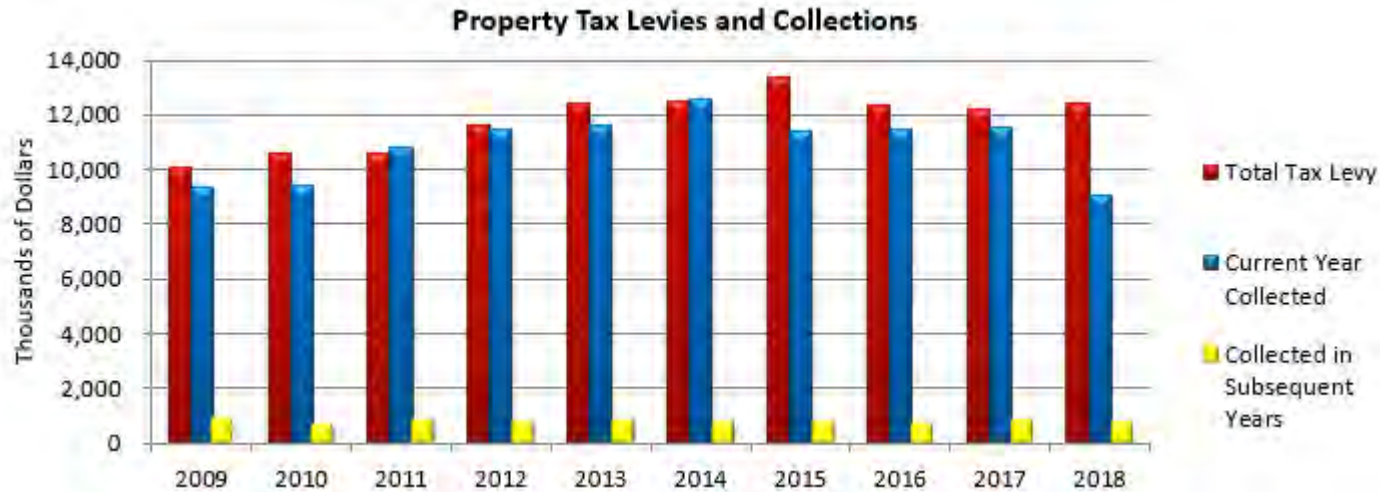
**PROVO CITY CORPORATION  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago  
June 30, 2018  
(amounts expressed thousands)**

<u>Taxpayer</u>	<u>2018</u>		<u>2009</u>		
	<u>Taxable</u>	<u>Percentage of</u>			<u>Percentage of</u>
	<u>Assessed</u>	<u>Total Taxable</u>	<u>Assessed</u>	<u>Rank</u>	<u>Total Taxable</u>
	<u>Value</u>	<u>Value</u>	<u>Value</u>		<u>Value</u>
SIR PROPERTIES TRUST	85,061	1.98%			
NU SKIN INTERNATIONAL INC	82,826	1.93%			
BRIXTON PROVO MALL LLC	49,600	1.15%			
CENTRAL UTAH INVESTMENT COMPANY LLC (ET AL)	44,216	1.03%	31,257	6	0.68%
UNION PACIFIC RAILROAD COMPANY	35,661	0.83%	6,979	44	0.15%
IHC HOSPITALS INC	31,617	0.73%	11,639	15	0.25%
TIMPANOGOS LAND HOLDINGS LLC	31,187	0.72%			
QUESTAR GAS	29,940	0.70%	16,667	10	0.36%
ESNET RIVERWOODS PROPERTIES LLC	27,959	0.65%	21,740	35	0.47%
B+F TIMPANOGOS TECH CENTER LLC	25,045	0.58%			
CENTURYLINK INC	24,166	0.56%			
PEAK JOAQUIN HOLDINGS LLC	23,859	0.55%			
VERIZON COMMUNICATIONS INC	20,768	0.48%			
HRA BRANBURY PARK LLC	18,999	0.44%	13,684	13	0.30%
B+F TIMPANOGOS TECH CENTER LLC	18,942	0.44%			
RIVERWOODS MEDICAL ART CENTER LC	18,647	0.43%	6,941	45	0.15%
TIGRISWOODS LLC	18,024	0.42%			
B H PROVO LLC	17,958	0.42%	11,487	16	0.25%
TKG RIVERSIDE PLAZA L L C	17,116	0.40%			
UTAH VALLEY MEDICAL OFFICES LC	15,538	0.36%			
SUNDANCE PARTNERS LTD	15,309	0.36%			
KC GARDNER RIVERWOODS 2 LC	14,540	0.34%			
GLE 1565 LLC	13,797	0.32%			
PMH INVESTORS LLC	12,362	0.29%			
LIBERTY SQUARE INVESTORS LLC	11,867	0.28%			
SAMS REAL ESTATE BUSINESS TRUST	11,393	0.26%	8,832	28	0.19%
ACTION COMMERCIAL PARK LLC	11,172	0.26%			
AT&T INC	10,944	0.25%			
RAI 1849 LLC	10,855	0.25%			
VINTAGE PROPERTIES LP	10,600	0.25%			
MEDICAL CENTER COMPANY LC	10,439	0.24%	10,200	23	0.22%
HD DEVELOPMENT OF MARYLAND INC	9,795	0.23%	7,544	38	0.16%
MPT OF PROVO LLC	9,481	0.22%			
DILLARD USA INC	9,135	0.21%	8,700	31	0.19%
BRENTWOOD PROVO LLC	8,568	0.20%			
COLLEGEPLACE BYU PROVO LLC	8,426	0.20%			
DHI BUILDING LIMITED COMPANY	8,364	0.19%	8,747	30	0.19%
CORP OF PRES BISHOP CHURCH OF JESUS CHRIST OF LDS	8,087	0.19%			
SILVER LAKE HEALTH HOLDINGS LLC	8,060	0.19%			
RELIANT-UTAH LLC	7,728	0.18%			
APPLE SEVEN SPE PROVO - SAN DIEGO INC	7,726	0.18%	7,826	34	0.17%
PARKPROVO LLC	7,623	0.18%			
NEWVISTAS PROPERTY HOLDINGS LLC	7,543	0.18%			
Total assessed value for Provo*	\$ 4,302,510		4,598,789		

\*Includes real property only; does not include any government, utilities, or phone company property

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Calendar Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

Calendar Year Ended  <u>December 31</u>	Total Tax Levy for  <u>Calendar Year</u>	Total Ad- justed  <u>Tax Levy</u>	Collected within the		Collections in <u>Subse- quent Years</u>	Total Collections to Date	
			<u>Calendar Year of the Levy</u>			<u>Amount</u>	<u>Percentage of Assess- ment</u>
			<u>Amount</u>	<u>Percentage of Levy</u>			
2009	10,110	10,617	9,383	92.81%	973	10,356	97.54%
2010	10,617	10,596	9,397	88.51%	757	10,154	95.83%
2011	10,596	11,662	10,791	101.84%	871	11,662	100.00%
2012	11,655	12,443	11,513	98.78%	776	12,289	98.76%
2013	12,443	12,498	11,631	93.47%	884	12,515	100.14%
2014	12,497	13,361	12,583	100.69%	815	13,398	100.28%
2015	13,361	13,361	11,384	85.20%	785	12,169	91.08%
2016	12,339	12,339	11,465	92.92%	707	12,172	98.65%
2017	12,193	12,407	11,555	94.77%	901	12,456	100.39%
2018	12,407	12,470	9,060	73.02%	847	9,907	79.44%



In accordance with Utah State law, the tax levy includes an allowance for both the 3 year average Board of Equalization grants of petition and the 5 year average tax collection rate. These allowances cause actual collections to more closely mirror the actual levy; however, these allowances may also enable actual collections to periodically exceed actual levies. Collections in subsequent years represent amounts collected within that fiscal year for prior fiscal years. Information is not available for what fiscal year collections may pertain.  
Source: Utah Co. Auditor

**PROVO CITY CORPORATION**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	(Provo-Orem)	(Provo) Per Capita *
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases		Percentage of Personal Income *	
2009	14,031	38,256	3,291	2,174	24,934	-	-	82,685	0.03%	672
2010	11,680	36,234	3,239	1,899	24,419	-	-	77,471	0.03%	689
2011	48,595	34,123	1,788	1,613	20,137	-	-	106,255	0.02%	927
2012	45,996	1,749	458	1,746	46,464	-	-	96,414	0.03%	832
2013	43,796	31,110	327	1,371	11,307	-	-	87,911	0.02%	756
2014	41,039	31,699	188	919	6,257	-	-	80,102	0.02%	676
2015	38,213	29,765	43	463	48,301	-	-	116,784	0.03%	1,017
2016	36,555	27,738	-	5,500	46,012	-	-	115,804	0.03%	1,005
2017	34,867	25,702	-	6,793	43,858	-	-	111,219	N/A	952
2018	35,411	23,568	-	5,798	47,156	-	-	111,933	N/A	954

**Provo City Corporation**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value of Property	<u>Per Capita</u>
2009	13,031	239	13,756	0.20%	112
2010	11,680	99	11,551	0.18%	92
2011	48,595	129	47,861	0.78%	418
2012	45,996	350	45,100	1.09%	391
2013	43,796	710	42,140	0.98%	364
2014	41,039	3344	37,695	0.82%	324
2015	38,213	1230	36,983	0.77%	312
2016	36,555	1004	35,551	0.69%	308
2017	34,867	1085	33,085	0.61%	283
2018	35,411	180	35,231	0.60%	300

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

**PROVO CITY CORPATION**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**  
**(amounts expressed in thousands)**

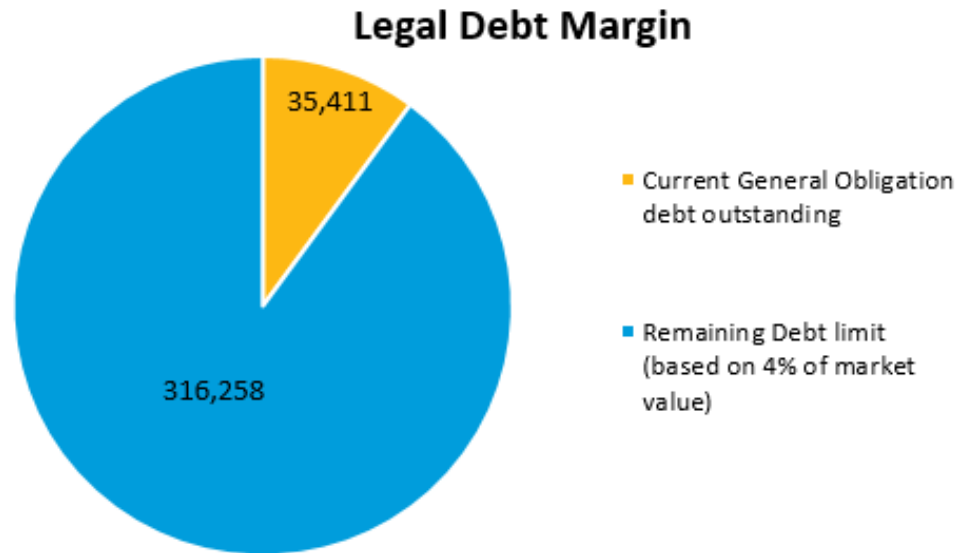
<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Provo City School District*	\$ 114,300	100%	\$ 114,300
Utah County	<u>-</u>		<u>-</u>
Subtotal overlapping debt	<u>114,300</u>		<u>114,300</u>
Direct Debt from Governmental activities:			
General Obligation Bonds			35,411
Revenue bonds			23,568
Capital Leases			<u>5,797</u>
Total Provo City Direct Debt from Governmental activities			<u>64,776</u>
Total direct and overlapping debt			<u>\$ 179,076</u>

\*The School District and City boundaries are the same.

**PROVO CITY CORPORATION**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(amounts expressed in thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 297,218	\$ 280,546	\$ 269,683	\$ 250,988	\$ 250,064	\$ 259,338	\$ 282,160	\$ 302,604	\$ 322,001	\$ 351,669
Total net debt applicable to limit	13,031	11,680	48,595	45,996	43,796	41,039	38,213	36,555	34,867	35,411
Legal debt margin	284,187	268,866	221,088	204,992	206,268	218,299	243,947	266,049	287,134	316,258
Total net debt applicable to the limit as a percentage of debt limit	4.38%	4.16%	18.02%	18.33%	17.51%	15.82%	13.54%	12.08%	10.83%	10.07%

Estimated Market Value	\$ 8,791,727
Debt limit--4 percent of market value	351,669
Debt applicable to limit: Total bonded debt (including special assessment bonds, if any)	35,411
Legal debt margin	<u>\$ 316,258</u>



## Provo City Corporation Pledged-Revenue Coverage Last Ten Fiscal Years

Sales Tax Revenue Bonds					Wastewater Revenue Bonds						
Fiscal Year	Sales Tax Revenue	Principal	Debt Service Interest	Coverage	Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2009	14,801,894	1,360,000	1,857,702	4.60	2009				-	-	-
2010	13,670,813	1,405,000	1,809,966	4.25	2010				-	-	-
2011	13,996,455	1,460,000	1,756,436	4.35	2011				-	-	-
2012	14,910,351	1,520,000	1,696,138	4.64	2012				-	-	-
2013	15,461,642	1,585,000	1,629,258	4.81	2013				-	-	-
2014	16,076,033	1,660,000	1,557,140	5.00	2014				-	-	-
2015	16,625,467	1,735,000	1,479,286	5.17	2015	6,898,529	4,483,344	2,415,185	-	-	-
2016	17,010,075	1,820,000	1,395,659	5.29	2016	8,118,457	5,014,814	3,103,643	310,000	348,025	4.72
2017	17,918,298	1,910,000	1,306,115	5.57	2017	9,539,983	7,057,377	2,482,606	310,000	344,750	3.79
2018	18,973,348	2,005,000	1,263,172	5.81	2018	11,329,082	6,429,272	4,899,810	320,000	277,153	78.21

Energy Revenue Bonds							Water Revenue Bonds						
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage	Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2009	50,336,668	39,589,892	10,746,776	2,730,000	1,181,394	2.75	2009	7,298,629	5,295,784	2,002,845	171,000	41,214	9.44
2010	50,523,138	40,132,500	10,390,638	3,065,000	1,070,244	2.51	2010	6,897,638	5,103,149	1,794,489	177,000	35,034	8.46
2011	58,364,515	50,242,202	8,122,313	3,695,000	865,134	1.78	2011	8,168,567	5,050,237	3,118,330	184,000	28,262	14.69
2012	67,449,653	48,070,765	19,378,888	3,855,000	654,070	4.30	2012	8,410,196	5,125,837	3,284,359	192,000	20,880	15.43
2013	69,526,364	49,162,309	20,364,055	4,015,000	433,745	4.58	2013	9,329,393	5,776,510	3,552,883	200,000	12,940	16.68
2014	71,385,680	51,172,363	20,213,317	4,185,000	204,678	4.60	2014	9,417,201	6,211,095	3,206,106	208,000	4,420	15.09
2015	71,453,976	55,303,831	16,150,145	-	-	-	2015	10,617,881	6,632,506	3,985,375	-	-	-
2016	75,467,639	57,140,821	18,326,818	875,000	480,035	13.52	2016	11,602,845	7,574,864	4,027,981	370,000	417,566	5.11
2017	77,096,441	61,940,171	15,156,270	720,000	634,622	11.19	2017	13,341,166	7,995,529	5,345,637	375,000	413,675	6.78
2018	77,310,312	66,913,669	10,396,643	735,000	576,933	7.92	2018	14,458,782	9,561,473	4,897,309	385,000	332,188	6.83

Tax Increment Revenue Bonds							Storm Drain Revenue Bonds						
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage	Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2009	64,045		64,045	45,000	100,695	0.44	2009	2,240,690	1,143,578	1,097,112	435,000	290,760	1.51
2010	155,310		155,310	65,000	98,490	0.95	2010	3,957,170	1,117,112	2,840,058	450,000	272,273	3.93
2011	196,504		196,504	65,000	95,305	1.23	2011	2,516,830	1,085,869	1,430,961	495,000	302,196	1.79
2012	210,409		210,409	95,000	92,120	1.12	2012	3,088,692	1,289,705	1,798,987	505,000	293,139	2.25
2013	219,987		219,987	100,000	87,465	1.17	2013	2,400,786	1,198,658	1,202,128	525,000	272,939	1.51
2014	296,685		296,685	105,000	82,565	1.58	2014	2,434,443	1,461,025	973,418	535,000	262,439	1.22
2015	317,823		317,823	125,000	77,420	1.57	2015	2,838,459	1,822,821	1,015,638	545,000	251,738	1.27
2016	298,762		298,762	135,000	71,295	1.45	2016	3,795,310	2,288,068	1,507,242	560,000	239,476	1.89
2017	569,756		569,756	50,000	64,680	4.97	2017	4,593,555	2,871,503	1,722,052	575,000	222,676	2.16
2018	1,067,930		1,067,930	50,000	62,230	9.52	2018	4,929,742	2,408,114	2,521,628	595,000	201,564	3.17

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

**PROVO CITY CORPORATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST 10 FISCAL YEARS**

<b>FISCAL</b>	<b>PROVO</b>	<b>Provo-Orem</b>	<b>Provo-Orem (MSA)</b>			<b>UTAH</b>	<b>REGISTERED</b>	<b>NUMBER</b>
		<b>PERSONAL</b>	<b>PERSONAL</b>	<b>MEDIAN</b>	<b>SCHOOL</b>	<b>UNEMPLOY- MENT</b>		<b>PUBLIC</b>
<b><u>YEAR</u></b>	<b><u>POPULATION</u></b>	<b><u>INCOME</u></b>	<b><u>PERSONAL</u></b>	<b><u>AGE</u></b>	<b><u>ENROLLMENT</u></b>	<b><u>RATE</u></b>	<b><u>VOTERS</u></b>	<b><u>SCHOOLS</u></b>
2009	123,040	12,684	22,832	25.2	13,242	5.7	42,914	22
2010	112,488	14,513	22,256	23.3	14,679	7.2	59,513	22
2011	114,625	15,996	28,978	23.3	14,750	7.6	61,977	22
2012	115,925	16,879	30,807	23.5	15,322	5.4	40,211	22
2013	116,288	17,948	31,223	23.4	15,505	4.7	49,558	22
2014	118,447	19,138	32,230	23.7	14,824	3.5	42,475	22
2015	114,807	21,535	34,227	23.5	16,600	3.6	40,558	18
2016	115,264	21,811	36,154	23.6	15,914	3.4	41,737	22
2017	122,039	**	**	**	16,302	3.5	41,805	22
2018	123,336	**	**	**	17,165	3.3	34,536	22

Data Sources

census.gov  
BEA.gov  
Pro-vo.edu  
Jobs.Utah.Gov  
Provo City recorder

\*\*Information not available at this time



**PROVO CITY CORPORATION**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**  
**June 30, 2018**  
**(Unaudited)**

<b>EMPLOYER</b>	<b>2018</b>	<b>2009</b>
	<b><u>Employees</u></b>	<b><u>Employees</u></b>
BRIGHAM YOUNG UNIVERSITY	5000-6999	1000-4999
UTAH VALLEY REGIONAL MED CENTER	3000-3999	1000-4999
VIVINT, INC.	3000-3999	
RBD ACQUISITION SUB, INC.	1000-1999	250-499
CENTRAL UTAH MEDICAL CLINIC	500-999	250-499
CHRYSALIS UTAH, INC.	500-999	
NU SKIN INTERNATIONAL INC	500-999	5000-9999
QUALTRICS, LLC	500-999	
RESULTS CUSTOMER SOLUTIONS LLC	500-999	
UHS OF PROVO CANYON, INC.	500-999	
UTAH STATE HOSPITAL	500-999	500-999
ARM SECURITY INC	250-499	
DESERET INDUSTRIES	250-499	
HEALTH DEPT	250-499	
HERITAGE SCHOOLS, INC.	250-499	250-499
MICRO FOCUS SOFTWARE INC.	250-499	
NSE PRODUCTS, INC.	250-499	
NU SKIN UNITED STATES	250-499	1000-1999
PROVO CITY	250-499	500-999
SOLUTIONS STAFFING GROUP INC	250-499	
TOTAL FACILITY SOLUTIONS INC	250-499	

**PROVO CITY CORPORATION**  
**Full-Time Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Government</b>	120	112	106	121	135	139	143	142	146	144
<b>Public Safety</b>										
Fire	80	77	78	85	83	81	80	80	80	80
Police	176	171	157	175	166	165	165	168	172	172
Emergency Response	6	8	9	8	9	9	7	5	4	4
<b>Public Services</b>										
Street Maintenance	18	17	16	18	16	16	16	16	16	16
Engineering	15	13	12	16	14	15	16	16	17	17
<b>Culture and Recreation</b>	188	185	173	136	182	198	229	221	224	219
<b>Other</b>										
Water	34	34	32	33	32	32	36	37	37	35
Wastewater	28	28	27	28	28	28	28	28	29	30
Energy	103	100	83	97	65	63	64	66	67	69
Airport	2	2	2	2	4	4	4	4	4	4
Sanitation	15	16	16	16	14	14	14	17	17	19
Golf Course	8	8	8	0	8	8	8	14	14	14
Telecom	0	0	0	0	1	1	0	0	0	0
Vehicle Maintenance	11	11	7	10	8	8	8	8	8	8
Facilities	12	9	7	13	8	8	8	8	8	8
	816	791	733	758	773	789	826	830	843	839

**PROVO CITY CORPORATION**  
**Operating Indicators By Function**  
**Last Ten Fiscal Years**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police (Calendar Year)</b>										
Adult Arrest	2,270	2,286	1,912	N/A **	2,179	2,327	2,215	2,275	2,072	2,443
DUI violations	314	342	214	N/A **	302	267	245	222	227	209
Juvenile Arrests	710	645	489	N/A **	484	440	470	328	343	354
Parking violations	16,764	19,742	14,471	12,099	10,933	N/A	14,027	14,632	17,611	20,624
Traffic violations	19,848	16,534	7,505	8,769	9,479	N/A	9,618	8,097	7,865	7,197
<b>Fire (Calendar Year)</b>										
Number of ambulance calls	4,361	4,058	5843	4223	4,534	N/A	4831	4992	5,153	5,078
Number of FIRE/EMS combined	9,941	9,368	10129	9981	10,472	N/A	10931	11495	11,023	11,522
Inspections	994	560	571	456	431	N/A	455	420	424	329
<b>Highways and streets</b>										
General Road Repair (tons of asphalt used)	23,070	13,051	4,023	2,588	2,250	52,886	17,318	21,696	13,312	24,189
Potholes repaired (tons of asphalt used)	400	40	40	70	61	244	230	191	224	45
Sidewalks replaced (linear feet)	11,533	11,755	12,800	350	6,019	7,755	8,320	10,547	6,285	8,080
<b>Sanitation</b>										
Refuse collected (tons/yr)	22,010	21,598	21,212	20,288	20,979	20,295	21,108	N/A	21,148	21,208
Recyclables collected (tons/yr)	1,084	1,142	1,305	2,021	2,222	2,133	2,163	N/A	2,586	2,657
<b>Culture and recreation</b>										
Recreation Center Attendance	N/A	N/A	N/A	N/A	N/A	1,466,000	1,610,996	1,882,865	1,976,552	2,050,209
Youth sports program participants	52,719	46,672	44,232	47,783	48,525	49,119	53,359	55,635	68,525	63,706
Adult sports program participants	68,574	72,440	67,980	60,351	59,668	54,056	49,595	51,612	52,462	52,111
Aquatics program participants	106,422	120,047	110,033	115,405 ***	82,585	104,000	114,520	N/A	N/A	N/A
Senior citizen program participants	67,326	47,852	54,816	44,111 ***	13,189	22,154	25,028	N/A	N/A	N/A
Community special events participants	34,700	31,675	32,887	35,730	30,993	24,565	31,795	31,226	28,750	35,380
Covey Center for the Arts Participants	97,252	97,139	123,931	146,774	140,760	131,497	124,276	118,427	109,225	106,380
Peaks Ice Arena participants	146,293	250,654	321,548	319,404	330,286	335,374	345,435	352,444	375,000	382,000
The Center	49,362	46,780	52,360	41,352 ***	18,116	N/A	N/A	N/A	N/A	N/A
Community program Participants	8,685	11,793	19,386	10,375 ***	6,377	8,942	23,064	N/A	N/A	N/A
<b>Energy</b>										
Energy Requirements (kwh)	771,704,133	762,762,706	763,936,458	768,460,113	790,206,295	781,095,767	810,420,898	N/A	813,661,048	794,234,831
<b>Water</b>										
Number of Consumers (connections)	18,592	18,629	18,653	18,787	18,882	19,004	18,999	19,067	19,239	19,422
Water mains breaks	27	39	45	33	32	25	34	33	35	41
Average Daily Consumption (gallons)	25,678,849	24,457,600	23,445,989	24,867,000	24,848,280	24,327,742	24,209,238	24,219,560	24,687,164	24,781,688
<b>Wastewater</b>										
Average daily sewage treatment (gallons)	11,400,000	12,900,000	15,000,000	13,700,000	12,775,000	12,366,666	11,600,000	11,025,000	12,441,660	11,300,000

Sources: Various government departments

\*\* Police computer system changed 2012; no available information

\*\*\*Starting in 2014 these Park numbers are combined due to the opening of the New Provo Recreation Center

**PROVO CITY CORPORATION**  
**Capital Asset Statistics By Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub Stations	1	1	1	1	1	1	1	1	1	1
Police Officers	69	72	72	78	100	105	105	105	105	105
Fires Stations	5	5	5	5	5	5	5	5	5	5
<b>Sanitation</b>										
Collection trucks	13	13	10	11	13	13	13	13	14	14
<b>Highways and streets</b>										
Street lane miles	882	882	882	882	882	882	882	882	646	639
Traffic signals	90	90	90	90	88	94	94	105	49	49
<b>Water</b>										
Water mains (miles)	381	383	384	389	389	389	393	399	393	398
Fire hydrants	3,013	3,046	3,064	3,070	3,107	3,130	3,156	3,204	3,271	3,303
<b>Sewer</b>										
Sanitary sewers (miles)	299	300	300	302	309	310	313	310	293	315
Storm sewers (miles)	106	117	123	123.5	130.0	138.0	126.5	128.0		135.0
<b>Electric</b>										
Number of distribution stations	18	18	18	18	18	18	19	19	18	18
Miles of service lines	400	400	404	404	404	400	400	400	400	400
Number of consumer connections	35,216	35,237	35,281	35,248	35,119	36,286	36,139	36,536	36,800	37,377
<b>Culture and recreation</b>										
Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural Arts Centers	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Gun Range	1	1	1	1	1	1	1	1	1	1
Ice Arena	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2	2
Parks										
Developed	47	49	49	49	49	53	53	54	54	54
Developed park acreage	376	382	382	802	802	802	802	800	800	800
Undeveloped						11	11	10	10	10
Undeveloped Parks (Partial)				14	14	14	14	14	14	14
Undeveloped park acreage				1,370	1,370	1,370	1,370	1,369	1,369	1,369
Recreation Centers	2	2	2	2	1	1	1	1	1	1
Senior Center	1	1	1	1	0	0	0	0	0	0
Swimming pools	2	2	2	2	1	1	1	1	1	1

**PROVO CITY CORPORATION**  
**Capital Asset Statistics By Function (continued)**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Parks</b>										
Pocket Parks				4	4	4	4	4	4	4
Pocket Parks (Acres)				1.1	1.1	1.1	1.1	1.1	1.1	1.1
Neighborhood Parks				18	18	18	18	17	17	17
Neighborhood Parks (Acres)				90.9	90.9	90.9	90.9	88.2	88.2	88.2
Community Parks				14	14	14	14	15	15	15
Community Parks (Acres)				283.1	283.1	283.1	283.1	283.1	283.1	283.1
Regional Parks				4	4	4	4	4	4	4
Regional Parks (Acres)				167.4	167.4	167.4	167.4	167.4	167.4	167.4
Conservation Parks				5	5	5	5	5	5	5
Conservation Parks (Acres)				609.6	609.6	609.6	609.6	609.6	609.6	609.6
Greenways/Road Frontage Landscapes				8	8	8	8	8	8	8
Greenways/Road Frontage Landscapes				68.4	68.4	68.4	68.4	68.4	68.4	68.4
Trailhead Parks				7	7	7	7	7	7	7
Trailhead Parks (Acres)				21.2	21.2	21.2	21.2	21.2	21.2	21.2
Pathways/Trails				15	15	15	15	14	14	14
Pathways/Trails (Miles)				37.2	37.2	37.2	37.2	35.4	35.4	35.4
Open Space (Acres)				553.8	553.8	553.8	553.8	553.8	553.8	553.8
Turf Acres in Developed Areas (Acres)				463.9	463.9	463.9	463.9	461.9	461.9	461.9
<b>Special Use Facilities</b>				10	10	10	10	10	10	10
Big Springs Camp (Acres)				5.0	5.0	5.0	5.0	5.0	5.0	5.0
Center Street Linear Park (Acres)				7.2	7.2	7.2	7.2	7.2	7.2	7.2
Municipal Center (Acres)				4.0	4.0	4.0	4.0	4.0	4.0	4.0
Shooting Sports Park (Acres)				50.0	50.0	50.0	50.0	50.0	50.0	50.0
Academy Square Library (Acres)				4.0	4.0	4.0	4.0	4.0	4.0	4.0
Cemetery (Acres)				49.1	49.1	49.1	49.1	57.1	57.1	57.1
Covey Center for the Arts (Acres)				1.0	1.0	1.0	1.0	1.0	1.0	1.0
East Bay Golf Course (Acres)				226.0	226.0	226.0	226.0	226.0	226.0	226.0
Provo Recreation Center (Acres)				18.5	18.5	18.5	18.5	18.5	18.5	18.5
Peaks Ice Arena (Acres)				13.6	13.6	13.6	13.6	13.6	13.6	13.6

Sources: Various city departments



Bonds, to the amount named, are valid and legally binding upon the City, and all taxable property in the City, is subject to the levy of taxes to pay the same without limitation as to rate or amount. It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that enforcement of the rights of the owners of the Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is further our opinion that under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts solely within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

ETHunter

## APPENDIX C

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER SECTION (b)(5) OF RULE 15c2-12

[TO BE DATED CLOSING DATE]

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by Provo City, Utah (the “*Issuer*”) in connection with the issuance of \$\_\_\_\_\_ General Obligation Bonds, Series 2019 (the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted January \_\_\_\_, 2019 (the “*Resolution*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means the financial information and operating data described in *Exhibit I*.

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.



*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*MSRB* means the Municipal Securities Rulemaking Board.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Utah.

*Undertaking* means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds are as set forth on the inside cover page of the Final Official Statement (defined below). The Final Official Statement relating to the Bonds is dated January \_\_, 2019 (the “*Final Official Statement*”). The Issuer will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or

the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the Issuer to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by Resolution or ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer (such as the Trustee or Bond Counsel), or by approving vote of Bondholders pursuant to the terms of the Resolution at the time of the amendment or waiver.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to

repayment of the Bonds under the Resolution. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

Dated the date first above written.

PROVO CITY, UTAH

By \_\_\_\_\_  
Mayor

## EXHIBIT I

### ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

[“*Annual Financial Information*” means financial information and operating data of the type contained in the Official Statement under the headings, “DEBT STRUCTURE OF PROVO CITY, UTAH” (except the information contained under the heading “General Obligation Legal Debt Limit and Additional Debt Incurring Capacity”); “FINANCIAL INFORMATION REGARDING PROVO CITY, UTAH–Five-Year Financial Summaries,” “–Historical Ad Valorem Tax Rates,” “–Taxable [and] Fair Market Value of Property,” “Historical Summary of Taxable Values,” and “–Tax Collection Record,” exclusive of Audited Financial Statements.]

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 185 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with Government Accounting Standards Board principals. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer or, if later, by the date prescribed in the immediately preceding paragraph.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

## EXHIBIT II

### EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer\*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

## APPENDIX D

### BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except if use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, if a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

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