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To the Citizens of Provo City

We are pleased to present the Provo City Popular Financial Report (PAFR) for the fiscal year ended June 30, 2013. This report is designed to inform citizens about the operations and financial condition of Provo City in a more understandable format. This is the second year Provo City has prepared a PAFR, and we are pleased to announce that we received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the fiscal year ended June 30, 2012. All PAFRs are available on the city website at provo.org.

This PAFR contains a brief summary and explanation of the City’s major general operating fund revenues and expenditures, as well as a summary of business-type funds and activities, along with the Library fund, a special revenue fund. This selected information is drawn from financial statements contained in the City’s Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013, which includes more complete financial data. The CAFR report is prepared in accordance with generally accepted accounting principles (GAAP) and includes financial statements audited by Hansen, Malmrose, Bradshaw and Erickson, P.C. This financial information includes governmental fund data on a modified-accrual basis. Individuals who wish to review GAAP basis, full-disclosure financial statements should refer to the city’s CAFR, which is available online at provo.org. CAFR reports for the last seven years are available on our website.

The financial information presented in this report is summarized and does not substitute for the City’s CAFR. By its nature, this report is unaudited and presented on a non-GAAP basis. The PAFR should help community members understand how their tax dollars are being utilized to create the best place to live in Utah. Our goal is to ensure that you have the best, most understandable financial information available and to increase your confidence in the manner the City is being operated. Questions and comments are welcome and may be directed to the Finance Division at 801-852-6505.

Sincerely,

John Borget
Director of Administrative Services
About Provo City

The City of Provo was incorporated in 1852 and is located in a metropolitan area that has a dynamic and diverse economy. The City’s population according to the 2010 census was 112,488. The City has been given numerous awards as one of the finest cities to live and do business in the United States. The City offers many quality services to the citizens. These services include public safety, streets, community development, parks and recreation, and economic development. The City also operates energy, water, waste water, sanitation, municipal golf course, and storm drain utilities. A general aviation airport is also part of Provo’s infrastructure.

Provo has not escaped the effects of the recession in 2009, and recovery has been slow, but it continues to outperform the national economy. The local unemployment rate is down versus the prior year (5.3 vs. 6.0 percent) but still below the national average of 7.6 percent as of June 30, 2013. Sales tax revenue, the city’s largest source of general fund revenue, has improved since 2009, and the City is cautiously optimistic that revenue from sales tax will continue to increase in FY2014.

The City continues to closely monitor the current economic environment. The City is very cautious to align the commitment of City resources with the anticipated revenues. We continually monitor budget and are continually looking for input from the citizens of Provo. The City continues to maintain a five-year capital project plan. The most current five-year plan can be viewed at provo.org. This plan is updated each year and allows the City to make plans regarding the future needs for infrastructure improvements and other long-term capital projects.

Top 10 Provo Employers

- Brigham Young University
- Utah Valley Regional Medical Center
- Vivint, Inc.
- Central Utah Medical Clinic
- FinditinUtah
- Myfamily.com
- Provo City
- RBD Acquisition Sub, Inc.
- Utah State Hospital
- Bluehost.com
Provo City Organizational Chart

Chief Administrative Officer

Provo Residents
- City Council
- Mayor
- Deputy Mayor
- Fire
- Police
- Energy
- Customer Service
- City Attorney’s Office

Administrative Services
- Finance
- Human Resources
- Information Systems
- Facilities
- Justice Court
- City Recorder

- Water
- Waste Water
- Sanitation
- Storm Drain
- Airport
- Vehicle Management

Parks and Recreation
Library
Provo City Elected and Staff Positions

(Left to right) Gary Garrett, Sterling Beck, Kay Van Buren (Vice Chair), Laura Cabanilla, Harold Miller, Rick Healey, Gary Winterton (Chair)

City Administration

Mayor ........................................................................................................ John Curtis
Chief Administrative Officer ..................................................... Wayne Parker
Chief Deputy Mayor's Office ............................................ Corey Norman
City Deputy Economic Development ................................ Dixon Holmes
City Attorney .................................................................................. Robert West
Police Chief ...................................................................................... John King
Fire Chief .......................................................................................... Gary Jolley
Parks and Recreation .............................................................. Roger Thomas
Library Services ........................................................................ Gene Nelson
Energy .................................................................................................. Travis Ball
Community Development ...................................................... Gary McGinn
Redevelopment ........................................................................ Paul Glauser
Public Works .................................................................................... David Decker
Administrative Services .......................................................... John Borget

Council Members

Gary Winterton (Chair)
District 1
Present Term: 2012-2016

Rick Healey
District 2
Present Term: 2010-2014

Hal Miller
District 3
Present Term: 2012-2016

Kay Van Buren (Vice Chair)
District 4
Present Term: 2012-2016

Sterling Beck
District 5
Present Term: 2010-2014

Laura Cabanilla
City-Wide District I
Present Term: 2010-2014

Gary Garrett
City Wide District II
Present Term: 2012-2016

Mayor John Curtis
Present Term: 2010-2014
The following includes brief highlights of major departments and services within Provo City. Please refer to the Provo City website at provo.org for any additional information about departments or services described.

**Administration**—The Mayor’s Office enforces laws applicable to those residing or conducting business in Provo, executes policies adopted by the Municipal Council, prepares and submits the annual city budget, and recommends for adoption such measures as may be deemed necessary or proper for the efficient operation of the City.

**Community Development**—Community Development is responsible for regulating land development that takes place within the city. Zoning, planning and building work together to provide the City with an aesthetically pleasing, clean and safe environment.

**Economic Development**—Economic Development is responsible for encouraging economic growth in Provo City by working hard to bring new businesses to Provo and encouraging growth in existing businesses.

**Administrative Services**—Administrative Services is comprised of the Finance, Human Resources, and Information Systems divisions within the General Fund. Administrative Services is also responsible for the administration of the Justice Court and for facility maintenance throughout the city of Provo.

**Attorney's Office**—The Attorney’s Office provides the City with a broad range of legal services, including criminal prosecution, litigation, claims and risk management, and safety. The Attorney’s Office also initiates and defends civil lawsuits on behalf of Provo City, reviews contracts, participates in negotiations and provides legal opinions.

**Parks and Recreation**—The Parks and Recreation department oversees the maintenance of all parks throughout Provo. The new recreation center, the gun range and the Covey Center are also managed by this department, as well as all youth and adult recreation programs.

**Police**—The Police Department provides response to community initiated calls for service, enforces all laws, provides proactive policing and service to the community including animal control, community based pollution and crime prevention.

**Fire**—The Fire Department is responsible for the delivery of emergency and support services in the following areas: fire prevention and education, inspection services, fire suppression, emergency medical treatment and ambulance transport, rescue services and hazardous materials response.

**Library**—The Provo City Library provides the community with a center for information, instruction, learning, leisure and cultural opportunities. The library has over 270,000 items in adult and children’s circulation, along with access to thousands of online eBooks and audiobooks.

**Energy**—The Energy Department provides reliable electricity with superior customer service at a competitive price to the residents and businesses in Provo.

**Public Works**—The Public Works Department is responsible for maintaining streets in Provo, garbage collection, water resources and reclamation, storm drain maintenance, airport administration, and fleet management.

**Redevelopment**—The Redevelopment Agency undertakes programs and projects to revitalize Provo’s central business district and the surrounding central-city neighborhoods.
Provo City Highlights

Provo City had an exciting year in 2012-2013. Many long-term projects were completed, and the future looks bright as new projects have started and others have been approved. Provo regularly ranks high in national surveys for being a great place for living and doing business.

Capital improvements are a high priority in Provo City. There were several projects completed or substantially completed by Provo City during fiscal year 2013. Below are a few of those projects. For a complete list of projects for all funds, please see the Provo City Budget Book for fiscal year 2014 available at provo.org.

- A new recreation center facility was opened to the public in May 2013. This recreation center was built with proceeds of a $39 million general obligation bond that was approved by Provo voters in November 2010. The usage of the recreation center has far outperformed original projections.

- The Pioneer Park Splash Pad was completed and opened to the public. The popularity of this new water feature was surprising to all parties. During the warm, summer months, the number of citizens utilizing the splash pad was numerous, finally requiring city leaders to expand the operating hours.

- The Central Utah Pipeline project, in coordination with the Central Utah Water Conservancy District, reached substantial completion as of June 30, 2013.

- One of the major concerns of Provo leadership and citizens is the maintenance and repair of the many roads and sidewalks in Provo. The 2013 Road Rehab project resurfaced several streets throughout Provo.

There were many other significant happenings in Provo this year. Here are a few:

- In April of 2013, Provo City made an “epic” announcement regarding the sale of the City-owned fiber network to Google Fiber.

- During 2013, the city completed an implementation of a significant City-wide rebranding effort. This affected every department within the city from signage to city vehicles to print media.

- Successfully completed the first year of a centralized customer service department for Provo City. Customer representatives can answer questions regarding general city issues to utility hookups to park reservations. This has increased the level of customer service for all residents and patrons of Provo City.
The Provo City administration along with the Finance Division are very conscientious of the accounting of the funds entrusted to the city by the citizens of Provo. Every effort is made to make sure that all revenues received are spent wisely and accounted for properly. As pictured in the graph below, regular reviews of the city’s budget, expenditures, and projected revenues occur for stakeholders of Provo City. This information can be used to understand the city’s financial position and can be used to make educated, transparent decisions about the future of Provo City’s finances.

Information in this report is summarized from the city’s Comprehensive Annual Financial Report, which is available at provo.org. Only select funds are included in this financial report—the General Fund, the Library Fund and Enterprise funds. Subsequent pages in this report are dedicated to financial summary information for individual funds. More detailed information can be found in the City’s CAFR at the link above. Other financial reports are also available on the City’s website.
General Fund

The General Fund is comprised of the general city departments, as well as the Justice Court, Media Services, Trust & Agency, B&C Roads, Senior Games, and Emergency Response. All of the funds comprising the General Fund are reported below in summary form, as well as just the General Fund by department.

Where General Fund Money Comes From

Revenues referred to on this page come from the City’s General Fund (and other component funds). The General Fund is the general operating fund of the city and supports day-to-day operations. By law, the City may only have one General Fund. For data on all city funds, please view the CAFR at provo.org. Financial data is reported on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

<table>
<thead>
<tr>
<th>Total General Fund Revenue</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$ 15,461,642</td>
<td>26.49%</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>8,942,802</td>
<td>15.32%</td>
</tr>
<tr>
<td>Fees</td>
<td>6,209,073</td>
<td>10.64%</td>
</tr>
<tr>
<td>Property Tax</td>
<td>4,629,737</td>
<td>7.93%</td>
</tr>
<tr>
<td>Roads</td>
<td>3,060,622</td>
<td>5.24%</td>
</tr>
<tr>
<td>Misc</td>
<td>2,749,145</td>
<td>4.71%</td>
</tr>
<tr>
<td>Grant</td>
<td>2,736,237</td>
<td>4.69%</td>
</tr>
<tr>
<td>Fines</td>
<td>1,504,288</td>
<td>2.58%</td>
</tr>
<tr>
<td>Other Tax</td>
<td>995,259</td>
<td>1.70%</td>
</tr>
<tr>
<td>Interest</td>
<td>101,824</td>
<td>0.17%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>46,390,629</strong></td>
<td><strong>79.47%</strong></td>
</tr>
<tr>
<td>Transfers In</td>
<td>11,696,688</td>
<td>20.04%</td>
</tr>
<tr>
<td>Land Sales</td>
<td>290,650</td>
<td>0.50%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$ 58,377,967</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The revenue totals below include all General Fund revenues, including component funds within the General Fund. On the following pages, revenue comparisons are done for just the General Fund.

The largest source of revenue for the General Fund is sales tax (26.49%), followed by transfers in from other funds (20.04%).

General Fund Revenue
The following five-year comparisons are for just the General Fund departments and exclude the component funds that are included in the City’s CAFR. The method of accounting is the same—it just excludes the totals that are restricted for the use of the component funds discussed earlier. Those component funds are the Provo City Justice Court, B&C Roads, Emergency Response, Trust & Agency, and Senior Games.
Where the General Fund Money Goes

As shown below, personnel is the largest part of General Fund expenditures. For more detailed information, please see the city’s CAFR at provo.org. Personnel costs include all benefits. As shown below, the percentage of benefits when compared to salary costs is significant. The rising cost of benefits is something that city administration is consistently reviewing to make sure that future costs are managed.

<table>
<thead>
<tr>
<th>Total General Fund Expenditures</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$36,177,439</td>
<td>64.65%</td>
</tr>
<tr>
<td>Operations</td>
<td>8,529,826</td>
<td>15.24%</td>
</tr>
<tr>
<td>Overhead</td>
<td>7,034,040</td>
<td>12.57%</td>
</tr>
<tr>
<td>Capital</td>
<td>289,723</td>
<td>0.52%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>52,031,028</td>
<td>92.99%</td>
</tr>
<tr>
<td>Transfer Out</td>
<td>3,923,858</td>
<td>7.01%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$55,954,887</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Operations includes expenditures for supplies, materials, and other costs of operations for General Fund departments. Overhead includes utility costs, employee benefits and insurance costs, and maintenance costs.
General Fund 5-Year Comparison (Excluding Component Funds)

General Fund Total Revenue and Transfers In (5-Year Comparison)

General Fund Expenditures 5-year Comparison by Type
Expenditures in all departments increased in fiscal year 2013. This is due primarily to an increase in personnel and overhead costs. The Police and Fire departments continue to be the largest departments in the city, showing the city's investment in Provo City residents health and safety.

General Fund FTE Summary by Department

Administrative Services .................. 35
Community Revitalization ................. 27
Police Department ....................... 166
Fire Department ......................... 83
Public Services ......................... 30
Parks and Recreation ..................... 118
General Government .................... 30
The Library Fund is the largest single special revenue fund within Provo City. The Provo City Library is funded primarily by property tax dollars. The Library was founded over 100 years ago with the goal of being a community center for information, instruction, leisure, and cultural opportunities. In one year the Library checks out over 1.5 million items, and is continually growing its collections, as well as using technology in the form of downloadable e-books and audiobooks.

<table>
<thead>
<tr>
<th>2013 Library Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>$3,424,861</td>
</tr>
<tr>
<td>Fees/Charges</td>
<td>302,189</td>
</tr>
<tr>
<td>Interest</td>
<td>37,238</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>49,337</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,813,625</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 Library Expenditures</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$2,278,142</td>
</tr>
<tr>
<td>Operations</td>
<td>989,754</td>
</tr>
<tr>
<td>Overhead</td>
<td>746,941</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,014,837</strong></td>
</tr>
</tbody>
</table>

Revenue in FY2011 was significantly higher because of library bond proceeds.
Enterprise Funds

Enterprise funds are used to account for those City operations that are financed and operated in a manner similar to private business. Individuals who wish to review GAAP basis, full disclosure financial statements should refer to the City’s CAFR, which is available in the City’s Finance Division or online at provo.org. The City’s enterprise funds include Energy, Golf, Water, Waste Water, Sanitation, Airport, and Storm Drain. Each utility is accounted for in its own fund on an accrual basis, and each utility also has an associated Capital Improvement Fund which is used to account for major projects on the City’s infrastructure.

Enterprise Fund revenue consists of user fees/sales, reconnect fees, rentals, new installations, and miscellaneous revenues.

<table>
<thead>
<tr>
<th></th>
<th>FY2013 Revenue</th>
<th>Expenses</th>
<th>Net income (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>$76,862,589</td>
<td>$(68,232,386)</td>
<td>$8,630,203</td>
</tr>
<tr>
<td>Golf</td>
<td>$843,943</td>
<td>$(1,131,726)</td>
<td>$(287,783)</td>
</tr>
<tr>
<td>Water</td>
<td>$11,885,539</td>
<td>$(9,615,752)</td>
<td>$2,269,787</td>
</tr>
<tr>
<td>Waste Water</td>
<td>$5,966,149</td>
<td>$(5,327,799)</td>
<td>$638,350</td>
</tr>
<tr>
<td>Sanitation</td>
<td>$4,510,973</td>
<td>$(3,852,794)</td>
<td>$658,179</td>
</tr>
<tr>
<td>Airport</td>
<td>$1,543,537</td>
<td>$(2,175,403)</td>
<td>$(631,866)</td>
</tr>
<tr>
<td>Storm Drain</td>
<td>$2,987,717</td>
<td>$(2,261,957)</td>
<td>$725,760</td>
</tr>
</tbody>
</table>