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To the Citizens
Of Provo City

We are proud to present the City of Provo’s Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2015. This report gives readers a summary of the City’s financial standing. The purpose of the PAFR is to illustrate the City’s financial information in a clear, concise manner giving all readers, both financial and non-financial, the understanding of where the revenue comes from and where dollars are being spent. Most importantly, it is essential that our citizens understand the key services that the City provides to make Provo a safer and more enjoyable place in which to work, live, and play.

The PAFR summarizes the financial activities of the City and is drawn from a more detailed report called the Comprehensive Annual Financial Report (CAFR). The CAFR includes financial statements that were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by Hansen, Malmrose, Bradshaw and Erickson, P.C., an independent auditing firm. The 2015 CAFR has received an unmodified (clean) opinion. The numbers contained within the CAFR were acquired by applying the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Although the numbers used in the PAFR come from an audited source, we have presented them in a condensed, easy to understand, non-GAAP format. GAAP reports deal with the presentation of segregated funds as well as full disclosure of all material financial and non-financial events in notes to the financial statements, while non-GAAP reports do not contain such notes. Citizens who wish to review audited GAAP basis financial statements can refer to the City of Provo’s CAFR, which is available from the Finance Department or on the City of Provo’s website at provo.org.

As a municipality, we want to continue awareness, accountability, and transparency of the City’s financial information. We anticipate that after reading the PAFR, community members will be reassured that public dollars are being used to build a better, safer, and stronger Provo. With the help of all departments, the City, in 2015 has accomplished many goals set within the 2020 vision: the opening of the recreation center, Google Fiber development, development of downtown Provo just to name a few. All of these positive achievements have helped to increase growth and success in our City. We look forward to the future and growth of the City.

We are honored to serve the citizens of Provo and hope you enjoy reviewing the 2015 PAFR. We welcome any input, questions, and comments you may have regarding this report. You may contact the Finance Division at 801-852-6505.

Sincerely,

John Curtis
Mayor
The City of Provo was incorporated in 1852 and is located in a metropolitan area that has a dynamic and diverse economy. The City has been given numerous awards as one of the finest cities to live and do business in the United States.

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.

Provo’s economy continues to recover from the great recession and continues to outperform the national economy. The City closely monitors the current economic environment and plans and budgets for the future accordingly. You can view the City’s budget at provo.org.

Provo city estimated population in 2015 was 114,807.

Provo's economy continues to recover from the great recession and continues to outperform the national economy. The City closely monitors the current economic environment and plans and budgets for the future accordingly. You can view the City’s budget at provo.org.

Top 10 Provo Employers
1) Brigham Young University
2) Utah Valley Regional Medical Center
3) Vivint, Inc.
4) Central Utah Medical Clinic
5) Chrysalis Utah, Inc.
6) Myfamily.com
7) NU Skin International, Inc.
8) RBD Acquisition Sub, Inc.
9) Utah State Hospital
10) Cambridge Place, L.C.
# Meet the Elected Officials

## City Council

- Kay Van Buren
- Gary Winterton
- Hal Miller
- David Sewell
- Kim Santiago (Vice Chair)
- Gary Garrett (Chair)
- Calli Hales

## Mayor

- John Curtis

---

# City Administration

- **Chief Administrative Officer**: Wayne Parker
- **Chief Deputy Mayor’s Office**: Corey Norman
- **Chief 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**: David Walter
- **Public Works**: David Decker
- **Administrative Services**: John Borget
Key Services
Of Provo City

**Mayor**—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 285,320 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.
Significant Events of Provo City

The Westside Connector Project will provide a direct connection from I-15 to the Provo Airport.

63 East, a new residential living space, consisting of 40 high-end units is now complete.

Mountain Vista Business Park has three new buildings under construction, representing a significant capital investment with several hundred future jobs.
The City’s governmental activities’ decreased $8.3 million in total net position which represents a 2.5% decrease from the prior year’s net position. The City’s business-type activities’ increased $9.8 million in total net position which represents a 4.3% increase from the prior year’s net position. The City, as a whole, increased total net position by $1.5 million, which is a 0.3% increase from the prior year. The full, disclosed Statement of Net Position can be located in our CAFR located at provo.org.

**Unrestricted net position** represents the available funds the City has at a point in time to pay for emergencies, shortfalls or other unexpected needs in both the Governmental and Business-Type Activities. Unrestricted net position allows management to track the City’s financial position over time. The City’s unrestricted net position decreased primarily due to funds being used for capital assets during the fiscal year.

The City implemented GASB 68 - Accounting and Financial Reporting for Pensions. As a result of implementing GASB 68, the City recorded a net pension asset of $602,637 along with a net pension liability of $20,088,257.
As shown in the graphs above, both the Governmental and Business-type activities shows trend of an increase in revenues. Expenditures have been relatively stable for Governmental activities, and consistently lower than revenues for Business-type activities.

This summary excludes bond proceeds and transfers related to bond issuances. The full, disclosed Statement of Activities can be located in our CAFR located at provo.org.
Where General Fund Money Comes From

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. The General Fund is comprised of the following departments:

*General City Departments  *Justice Court  *Emergency Response  *Trust & Agency  *Winterfest  *Senior Games  *Mtn. Vista  *B&C Roads  *Covey Center

Below is five-year comparison of the General Fund total revenues and transfers in:

As shown above, sales tax continues to increase, which is a good indicator Provo’s economy is continuing to recover from the recession in 2008. Parks and Recreation revenue increased 94.8%, which is due to the new stream of revenue from Provo’s Recreation Center memberships and fees.

The largest source of revenue for the General Fund is sales tax (28.1%) followed by transfers in from other funds (17.3%).
Below is a five-year comparison of General Fund expenditures and transfers out. Expenditures in all departments increased in fiscal year 2015. The increase is due primarily to an increase in personnel and overhead costs.

The General Fund’s largest department continues to be the Police department (27.7%) followed by Parks and Recreation (16.4%), and the Fire department (14.4%).
Fund balance is the difference between the General Fund’s assets and liabilities. It is the net worth of the City. The “unassigned” fund balance is an indication of the amount of available resources the City has at a point in time to fund emergencies, shortfalls, or other unexpected needs.

The ratio depicted below is determined by dividing the amount of unassigned fund balance by the budgeted general fund revenue. The Municipal Council has established a goal to have unassigned general fund balance between 20%-25%. The State recommends cities should have unassigned fund balance ratio of a minimum of 5% and a maximum of 25%.

Total fund balance decreased due to the use of restricted funds for road improvements. The City continues to strive toward the 25% level. See our complete disclosed information in our CAFR, Basic Financial Statements located at provo.org.
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.

* Revenue in FY2011 was significantly higher because of library bond proceeds.
The city of Provo receives a portion of the **property taxes** collected on all real property located within the City. These tax dollars **support public safety services** such as those provided by police and fire departments, as well as many **other critical government functions**.

The majority of the real estate taxes paid by Provo City residents are allocated to the Provo School District. Certain rounding has occurred for ease of presentation.

### Top Ten Property Taxpayers for Provo City

**Taxpayer** | **Type of Business** | **2015 Assessed Valuations** | **% Total of Valuation**
--- | --- | --- | ---
IHC Hospitals Inc. | Medical | $146,416 | 2.93%
SIR Properties Trust (formerly Novell) | Technology | 81,115 | 1.62%
NuSkin International Inc | Retail | 78,101 | 1.56%
Provo Mall LLC | Retail | 48,042 | 0.96%
Central Utah Investment Company | Investments | 35,495 | 0.71%
Freight Line Properties LLC | Real Estate | 25,675 | 0.51%
ESNET Riverwood Properties LLC | Retail | 25,261 | 0.51%
Timpanogos Land Holdings LLC | Real Estate | 24,551 | 0.49%
PMH Investors LLC | Real Estate | 22,332 | 0.45%
Peak Joaquin Holdings LLC | Real Estate | 21,318 | 0.43%
**Subtotal** | | **508,306** | **10.17%**
**All Others** | | **4,486,425** | **89.83%**
**Total Tax Burden** | | **$4,994,731** | **100.00%**

Assessed value is the portion of property value that is taxed. Amounts listed are for the collections year ending December 31, 2015. Source: Utah County Auditor
Enterprise funds are used to account for those City operations that are financed and operated in a manner similar to private business. Utility Transportation is a new operation which began in March of 2014. Utility Transportation fund was created to improve the City’s roads. Readers interested in more details should read the Comprehensive Annual Financial Report (CAFR) available at provo.org.

Enterprise Fund FTE Summary by Department

<table>
<thead>
<tr>
<th>Department</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>64</td>
</tr>
<tr>
<td>Golf</td>
<td>8</td>
</tr>
<tr>
<td>Water</td>
<td>36</td>
</tr>
<tr>
<td>Waste Water</td>
<td>28</td>
</tr>
<tr>
<td>Sanitation</td>
<td>14</td>
</tr>
<tr>
<td>Airport</td>
<td>4</td>
</tr>
<tr>
<td>Storm Drain</td>
<td>12</td>
</tr>
<tr>
<td>Utility Transportation</td>
<td>0</td>
</tr>
</tbody>
</table>
Debt Summary
City Wide

At fiscal year end, the City had $124.3 million in long-term debt outstanding which represents a 41.9% increase from the prior year. Provo City has employed a variety of financing techniques for capital improvements, as described below:

**Notes Payable:** Notes are issued in anticipation of general obligations bonds and may be issued up to a maximum maturity of 20 years from the date of the issuance of the original notes (except for notes in anticipation of special assessments).

**General Obligation Bonds:** These bonds allow municipalities to borrow money to fund capital improvements and infrastructure. Repayment of General Obligation Bonds is guaranteed by the “full faith and credit” of the City.

**Revenue Bonds:** Revenue bonds are secured by the issuer pledging specific revenues either from the projects being financed and/or other dedicated revenue sources such as franchise fees of utility service revenue.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated Absences</td>
<td>$7,467</td>
<td>$2,330</td>
<td>$(2,239)</td>
<td>$7,558</td>
</tr>
<tr>
<td>Note Payable Library Legacy Foundation</td>
<td>188</td>
<td>-</td>
<td>(145)</td>
<td>43</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>919</td>
<td>-</td>
<td>(457)</td>
<td>462</td>
</tr>
<tr>
<td>General Obligation Bonds:</td>
<td>41,039</td>
<td>-</td>
<td>(2,826)</td>
<td>38,213</td>
</tr>
<tr>
<td>General Revenue Bonds</td>
<td>31,699</td>
<td>10</td>
<td>(1,944)</td>
<td>29,765</td>
</tr>
<tr>
<td>Energy Revenue Bonds</td>
<td>-</td>
<td>20,436</td>
<td>(7)</td>
<td>20,429</td>
</tr>
<tr>
<td>Water Revenue Bonds</td>
<td>-</td>
<td>12,115</td>
<td>(28)</td>
<td>12,087</td>
</tr>
<tr>
<td>Wastewater Revenue Bonds</td>
<td>-</td>
<td>10,103</td>
<td>(23)</td>
<td>10,080</td>
</tr>
<tr>
<td>Stormwater Revenue Bonds</td>
<td>6,257</td>
<td>-</td>
<td>(551)</td>
<td>5,706</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$87,569</td>
<td>$44,994</td>
<td>$(8,220)</td>
<td>$124,343</td>
</tr>
</tbody>
</table>

Over the course of 2015, the City issued utility revenue bonds in the amounts of $20 million in Energy, $11 million in Water, and $9 million in Wastewater. More information regarding the City’s debt can be found in the Long-Term Debt note in the CAFR located at provo.org.

<table>
<thead>
<tr>
<th>Historical Debt (in $000s)</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$38,213</td>
<td>$41,039</td>
<td>$42,850</td>
<td>$45,450</td>
<td>$47,990</td>
</tr>
<tr>
<td>General Revenue Bonds</td>
<td>29,765</td>
<td>31,699</td>
<td>31,250</td>
<td>1,785</td>
<td>34,550</td>
</tr>
<tr>
<td>Utility Revenue Bonds</td>
<td>48,302</td>
<td>6,257</td>
<td>11,153</td>
<td>47,043</td>
<td>20,445</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>462</td>
<td>919</td>
<td>1,370</td>
<td>1,746</td>
<td>1,613</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>43</td>
<td>188</td>
<td>327</td>
<td>458</td>
<td>1,788</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>7,558</td>
<td>7,467</td>
<td>7,347</td>
<td>6,896</td>
<td>6,892</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$124,343</td>
<td>$87,569</td>
<td>$94,297</td>
<td>$103,378</td>
<td>$113,278</td>
</tr>
</tbody>
</table>
Top Rankings

We’re an impressive group of people.

1. Volunteering // Corp for National & Community Service
   Nicest & Most Thoughtful City // Living Social
   Highest Well-Being Index Score // Gallup-Healthways
   Fastest Growing on the Rise Startup Hub // Sparefoot
   Best City in America to Get a Job // CareerBuilder

2. Best Place to Live // Outside Mag
   Best Workplace Balance // Nerdwallet
   Utah’s Fastest Growing Cities // Nerdwallet
   Best Housing Market to Invest In // Forbes

3. Best Performing City // Milken Institute
   Best Place for Homeownership // Nerdwallet
   Best City for Successful Aging // Milken Institute
   Business and Careers // Forbes

4. Best Downtown Livability // Obrella
   For Young Families Discover // Sparefoot
   Educated Metro Wallothub // Census Bureau
   Not What You Expected? We Get That A Lot.

#7 Best Commuter City // Obrella
#8 Up-And-Coming Tech Hubs // Sparefoot
#9 Highest Cycling Rate // Census Bureau
#9 American Super City // Sparefoot
#10 City to Raise a Family // Forbes
Contact Us:

General – 801.852.6000
Finance – 801.852.6505