NEW ISSUE **Rating:** S&P "AA+"
See "MISCELLANEOUS—Bond Rating" 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 2017 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 and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX MATTERS" herein for a more complete discussion.

The 2017 Bonds are **not** "bank–qualified" tax–exempt obligations.

$4,975,000
City of Provo, Utah
Sales Tax Revenue Bonds, Series 2017

The $4,975,000 Sales Tax Revenue Bonds, Series 2017 are issued by the City as fully–registered bonds and, when initially issued, will be in book–entry 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 2017 Bonds.

Principal of and interest on the 2017 Bonds (interest payable February 15 and August 15 of each year, commencing February 15, 2018) are payable by ZB, National Association, dba Zions Bank, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2017 BONDS—Book–Entry System" herein.

The 2017 Bonds are subject to optional redemption prior to maturity. See "THE 2017 BONDS—Redemption Provisions" herein.

Proceeds of the 2017 Bonds are being issued for the purposes of financing the acquisition and construction of certain improvement projects at the City of Provo Municipal Airport, paying capitalized interest and paying costs of issuance of the 2017 Bonds. See "THE 2017 BONDS" and "THE 2017 PROJECT" herein. The 2017 Bonds and Outstanding Parity Bonds previously issued by the City are equally and ratably secured under the Resolution.

The 2017 Bonds are special limited obligations of the City, payable solely from and secured by a pledge of the revenues, moneys, securities and funds pledged therefor in the Resolution. The Revenues consist of the Pledged Taxes. No assurance can be given that the Pledged Taxes will remain sufficient for the payment of principal of and interest on the 2017 Bonds and the City is limited by Utah law in its ability to increase the rate of such taxes. See "RISKS INHERENT IN THE OWNERSHIP OF THE 2017 BONDS" herein. The 2017 Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or full faith and credit of the City, and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant any security interest in all or any portion of the improvements financed or refinanced with the proceeds of the 2017 Bonds to secure payment of the 2017 Bonds. See "SECURITY AND SOURCES OF PAYMENT" herein.

Dated: Date of Delivery[1] **Due:** February 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2017 Bonds.

The 2017 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on October 17, 2017, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated October 4, 2017) to Raymond James & Associates, Inc., St. Petersburg, Florida at a "true interest rate" of 2.44%.

Zions Public Finance, Inc., Salt Lake City, Utah, acted 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 October 17, 2017, and the information contained herein speaks only as of that date.

1 The anticipated date of delivery is Wednesday, November 8, 2017.

City of Provo, Utah

$4,975,000

Sales Tax Revenue Bonds, Series 2017

Dated: Date of Delivery[1] **Due: February 15, as shown below**

Due February 15	CUSIP® 744190	Principal Amount	Interest Rate	Yield/ Price
2020………..	AP4	$130,000	5.00%	1.02%
2021………..	AQ2	275,000	5.00	1.11
2022………..	AR0	285,000	5.00	1.24
2023………..	AS8	300,000	5.00	1.39
2024………..	AT6	290,000	5.00	1.52
2025………..	AU3	305,000	5.00	1.66
2026………..	AV1	320,000	5.00	1.81
2027………..	AW9	335,000	5.00	1.93
2028………..	AX7	355,000	5.00	2.05 [c]
2029………..	AY5	370,000	2.25	2.35
2030………..	AZ2	380,000	2.50	100.00
2031………..	BA6	390,000	3.00	2.70 [c]
2032………..	BB4	400,000	3.00	2.80 [c]
2033………..	BC2	415,000	3.00	2.90 [c]
2034………..	BD0	425,000	3.00	2.95 [c]

[1] The anticipated date of delivery is Wednesday, November 8, 2017.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

[c] Priced/yield to par call on August 15, 2027.

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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 2017 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 either the City of Provo, Utah (the "City" or "Provo City, Utah"); ZB, National Association, dba Zions Bank, Corporate Trust Department, Salt Lake City, Utah (as Trustee, Bond Registrar and Paying Agent); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); the bidder(s); or any other entity. All information contained herein has been obtained from the City, The Depository Trust Company, New York, New York 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 2017 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the City since the date hereof.

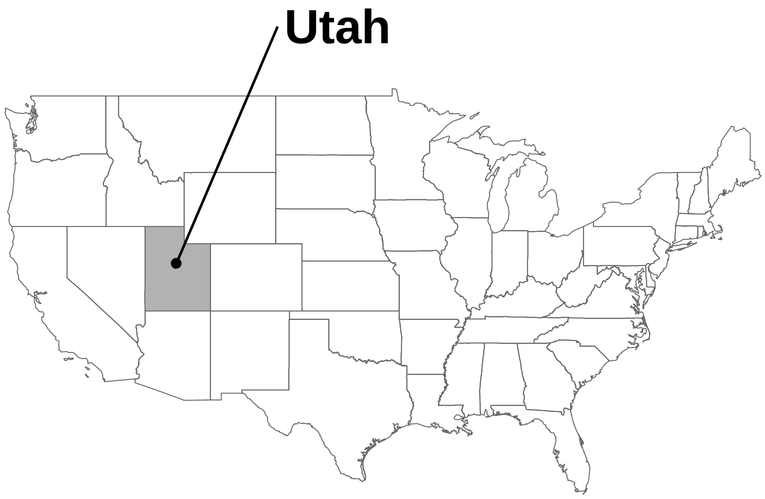
The 2017 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2017 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 bidders may allow concessions or discounts from the initial offering prices of the 2017 Bonds to dealers and others. In connection with the offering of the 2017 Bonds, the bidders may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2017 Bonds. Such transactions may include overallotments in connection with the purchase of 2017 Bonds, the purchase of 2017 Bonds to stabilize their market price and the purchase of 2017 Bonds to cover the bidders' short positions. Such transactions, if commenced, may be discontinued at any time.

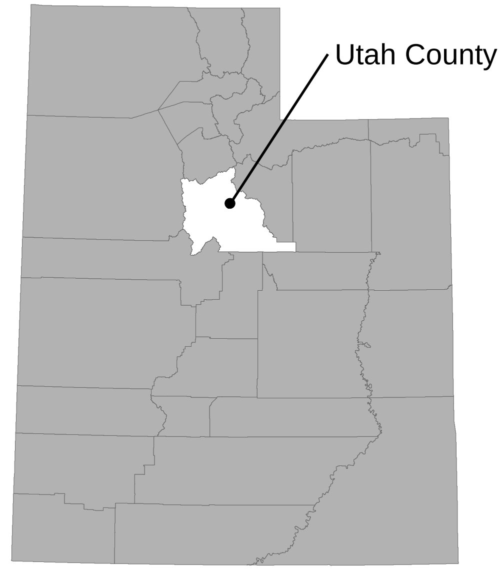
Forward–Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 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. See "PROJECTED DEBT SERVICE COVERAGE" herein.***

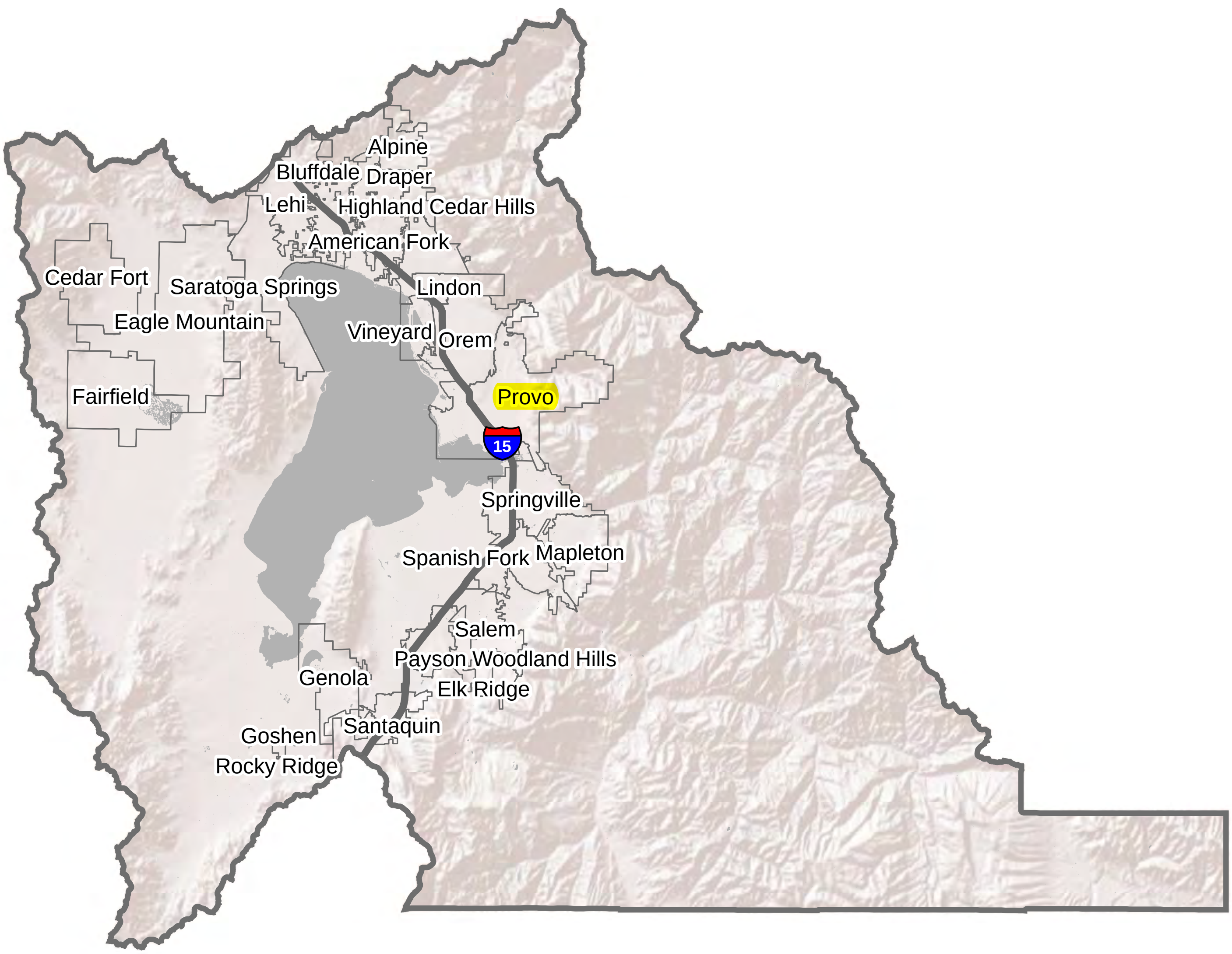
The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City makes no representation with respect to such numbers and does not undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2017 Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2017 Bonds.

The information available at Web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2017 Bonds and is not a part of this OFFICIAL STATEMENT.



Counties in Utah





Cities in Utah County

OFFICIAL STATEMENT RELATED TO

$4,975,000

City of Provo, Utah

Sales Tax Revenue Bonds, Series 2017

INTRODUCTION

This introduction is only a brief description of the 2017 Bonds, as hereinafter defined, the security and sources of payment for the 2017 Bonds and certain information regarding the City of Provo, Utah (the "City" or "Provo City, Utah"). 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 as well as the documents summarized or described herein.

See the following appendices that are attached hereto and incorporated herein by reference: "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016"; "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION"; "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL"; "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING"; and "APPENDIX E—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 "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Definitions."

Public Sale/Electronic Bid

The 2017 Bonds were awarded pursuant to competitive bidding received by means of the ***PARITY***® electronic bid submission system on October 17, 2017, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated October 4, 2017) to Raymond James & Associates, Inc., St. Petersburg, Florida at a "true interest rate" of 2.44%.

City Of Provo, 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 116,868 residents per the 2016 U.S. Census Bureau estimates, which ranks the City as the third most populated city in the State. The County had 592,299 residents per the 2016 U.S. Census Bureau estimates, ranking the County as the second most populated county in the State (out of 29 counties). See "CITY OF PROVO, UTAH" below.

The 2017 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the City of its $4,975,000 Sales Tax Revenue Bonds, Series 2017, (the "2017 Bonds" or "2017 Bond"), initially issued in book–entry form.

Authority And Purpose Of The 2017 Bonds; Outstanding Parity Bonds

Authority and Purpose of the 2017 Bonds. The 2017 Bonds are being issued pursuant to: (i) the Local Government Bonding Act (the "Act") Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Utah Code"); a resolution, dated as of February 19, 2004 (the "Master Resolution") between the City and ZB, National Association, dba Zions Bank, Corporate Trust Department, Salt Lake City, Utah ("Zions Bank"), as trustee (the "Trustee"), as further supplemented by a supplemental resolution, adopted October 3, 2017, between the City and the Trustee (the "Supplemental Resolution") providing for the issuance of the 2017 Bonds. The Master Resolution, together with all supplements thereto, including without limitation the Supplemental Resolution, is sometimes referred to collectively herein, as the "Resolution."

Proceeds of the 2017 Bonds are being issued for the purposes of financing the acquisition and construction of certain improvement projects at the City of Provo Municipal Airport, paying capitalized interest and paying costs of issuance of the 2017 Bonds. See "THE 2017 BONDS" and "THE 2017 PROJECT" herein.

Outstanding Parity Bonds. The City has outstanding under the Resolution its $39,500,000 (original principal amount) Sales Tax Revenue Bonds, Series 2004, dated February 26, 2004 (CUSIP® 744190), currently outstanding in the aggregate principal amount of $22,440,000 (the "2004 Bonds" or the "Outstanding Parity Bonds").

The 2017 Bonds and Outstanding Parity Bonds will be equally and ratably secured under the Resolution.

Security And Source Of Payment

The 2017 Bonds are special limited obligations of the City payable on a parity with the Outstanding Parity Bonds, solely from and secured solely by the Revenues, moneys, securities and funds pledged therefor under the Resolution between the City and the Trustee. The Revenues consist of all the revenues produced by sales and use taxes levied by the City under the Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code (the "Local Sales and Use Tax Act") (the "Pledged Sales and Use Taxes" or the "Pledged Taxes").

No assurance can be given that the Pledged Taxes will remain sufficient for the payment of the principal of or interest on the 2017 Bonds and the Outstanding Parity Bonds and the City is limited by State law in its ability to increase the rate of such taxes. See "RISKS INHERENT IN THE OWNERSHIP OF THE 2017 BONDS" below. The 2017 Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City, and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in any of the improvements financed with the proceeds of the 2017 Bonds to secure payment of the 2017 Bonds.

See "SECURITY AND SOURCES OF PAYMENT" below.

The 2017 Bonds are secured on a parity lien with the Outstanding Parity Bonds and with any additional bonds, notes or other obligations that may be issued from time to time under the Resolution (the "Additional Bonds"). See "SECURITY AND SOURCES OF PAYMENT—Issuance Of Additional

Bonds" below. The 2017 Bonds, the Outstanding Parity Bonds and any Additional Bonds which may be issued from time to time under the Resolution are collectively referred to herein as the "Bonds."

Pledged Taxes

Pledged Local Sales and Use Taxes. The City presently levies a local option sales and use tax at the rate of 1% (*the maximum rate permitted by the Local Sales and Use Tax Act*) on all taxable sales of goods and services in the City.

Collections. The Pledged Taxes are collected by the Utah State Tax Commission and distributed monthly to the City, as provided by law.

Pledged Taxes. The local sales and use tax represents all the Pledged Taxes. The Pledged Taxes for Fiscal Year 2017 was $17,918,298 (unaudited; subject to change) and will, if maintained at that level, provide projected coverage of approximately 4.9 times the expected maximum debt service $3,679,164 occurring in Fiscal Year 2023. Under the Resolution the City may not issue Additional Bonds unless Pledged Taxes for the latest Fiscal Year are equal to at least 200% of the maximum annual debt service for all Bonds outstanding under the Resolution upon the issuance of the Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT—Pledged Taxes" and "PROJECTED DEBT SERVICE COVERAGE" below.

Redemption Provisions For The 2017 Bonds

The 2017 Bonds are subject to optional redemption prior to maturity. See "THE 2017 BONDS—Redemption Provisions" herein.

Registration, Denominations, Manner Of Payment

The 2017 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 2017 Bonds. Purchases of 2017 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 2017 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 2017 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined under "APPENDIX E—BOOK–ENTRY SYSTEM."

Principal of and interest on the 2017 Bonds (interest payable February 15 and August 15 of each year, commencing February 15, 2018) are payable by Zions Bank, as Paying Agent for the 2017 Bonds, to the registered owners of the 2017 Bonds. So long as Cede & Co. is the sole registered owner, it will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2017 Bonds, as described under "APPENDIX E—BOOK–ENTRY SYSTEM."

So long as DTC or its nominee is the sole registered owner of the 2017 Bonds, neither the City nor the Trustee 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 2017 Bonds. Under these same circumstances, references herein and in the Resolution to the "Bondowners" or "Registered Owners" of the 2017 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2017 Bonds.

Tax Matters Regarding The 2017 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 2017 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 and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

The 2017 Bonds are **not** "bank–qualified" tax–exempt obligations.

See "TAX MATTERS" below for a more complete discussion.

Professional Services

In connection with the issuance of the 2017 Bonds, the following have served the City in the capacity indicated.

Trustee, Bond Registrar and Paying Agent
ZB National Association dba Zions Bank
Zions Bank Building
Corporate Trust Department
One S Main St 12th Fl
Salt Lake City UT 84133–1109
801.844.7253 | f 855.547.5428
carl.mathis@zionsbancorp.com

Bond Counsel and Disclosure 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

Municipal Advisor
Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
brian.baker@zionsbancorp.com

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

The 2017 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 by Chapman and Cutler, LLP, Bond Counsel, and certain other conditions. Certain matters regarding this OFFICIAL STATEMENT will be passed on by Chapman and Cutler, LLP., as disclosure counsel. Certain legal matters will be passed on for the City by Camille S. Williams, Assistant City Attorney. It is expected that the 2017 Bonds, in book–entry form, will be available for delivery to DTC or its agent on or about Wednesday, November 8, 2017.

Continuing Disclosure Undertaking

The City will execute a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2017 Bonds. For a detailed discussion of this undertaking, previous undertakings and timing of submissions see "CONTINUING DISCLOSURE UNDERTAKING" below and "APPENDIX D—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 and the 2017 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 and the 2017 Bonds are qualified in their entirety by reference to each such document. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Descriptions of the Resolution and the 2017 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. Other documentation authorizing the issuance of the 2017 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
Eric John Pehrson, Vice President, eric.pehrson@zionsbancorp.com
Zions Public Finance Inc
Zions Bank Building
One S Main St 18th 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 2017 Bonds are:

John Borget, Director of Administrative Services, jborget@provo.org
Dan Follett, Division Director of Finance, dfollett@provo.org
City of Provo
351 W Center St
Provo UT 84601
801.852.6504 | f 801.852.6513

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2017 Bonds

The City will execute a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2017 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 D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

During the five years prior to the date of this OFFICIAL STATEMENT, the City has not failed to comply in all material respects with its prior undertakings pursuant to the Rule.

The City will submit the Fiscal Year 2017 CAFR and other operating and financial information for the 2017 Bonds on or before January 26, 2018 (210 days from the end of the Fiscal Year), and annually thereafter on or before each January 26.

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 2017 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 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2017 Bonds and their market price.

RISKS INHERENT IN THE OWNERSHIP OF THE 2017 BONDS

The purchase of the 2017 Bonds involves certain investment risks. Accordingly, each prospective purchaser of the 2017 Bonds should make an independent evaluation of all the information presented in this OFFICIAL STATEMENT to make an informed investment decision. Certain of these risks are described below; however, it is not intended to be a complete representation of all the possible risks involved.

Uncertainty Of Economic Activity And Sales Taxes

The amount of Pledged Taxes to be collected by the City is dependent on several factors beyond the control of the City, including, but not limited to, the state of the United States economy and the economy of the State and the City. Any one or more of these factors could result in the City receiving less Pledged Taxes than anticipated. During periods in which economic activity declines, Pledged Taxes are likely to fall as compared to an earlier year. In addition, Pledged Taxes are dependent on the volume of the transactions subject to the tax. From time to time, proposals have been made by the Utah State Legislature (the "State Legislature") to add or remove certain types of purchases from the sales tax and the State (like many other states) has recognized the potential reduction in sales tax revenues because of purchases made through the internet and other non–traditional means. In addition, the State Legislature has, from time to time, considered legislation to revise the amount of sales tax to be levied or to adjust the method of allocating sales tax to local governmental entities. The City cannot predict what impact these items may have on the Pledged Taxes it receives.

See "SECURITY AND SOURCE OF PAYMENT—Pledged Taxes" below.

The 2017 Bonds Are Limited Obligations

The 2017 Bonds are special limited obligations of the City, payable solely from the Pledged Taxes, moneys, securities and funds pledged therefor in the Resolution. No assurance can be given that the amount of Pledged Taxes received by the City will remain sufficient for the payment of the principal or interest on the 2017 Bonds and the City is limited by State law in its ability to increase the rate of such taxes. The 2017 Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City, and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in any of the projects financed with the proceeds of the 2017 Bonds to secure payment of the 2017 Bonds.

Also, see "SECURITY AND SOURCES OF PAYMENT—State Pledge Of Nonimpairment" below.

Limitation On Increasing Rates For Pledged Taxes

The City currently levies the maximum rate allowed under the Local Sales and Use Tax Act for all taxes making up the Pledged Taxes. No assurance can be given that the Pledged Taxes will remain sufficient for the payment of the principal of or interest on the 2017 Bonds and the Outstanding Parity Bonds and the City is limited by State law in its ability to increase the rate of such taxes.

No Reserve Fund Requirement For The 2017 Bonds

Pursuant to the Resolution, each Series of Bonds may be secured by a separate subaccount in the Debt Service Reserve Fund. *Upon the issuance of the 2017 Bonds there will be no funding of a subaccount of the Debt Service Reserve Fund with respect to the 2017 Bonds.*

THE 2017 BONDS

General

The 2017 Bonds are dated the date of delivery[1] thereof (the "Dated Date") and will mature on February 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2017 Bonds bear interest from the Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2017 Bonds is payable on February 15, 2018, and semi–annually thereafter on each February 15 and August 15. Interest on the 2017 Bonds will be computed based on a 360–day year comprised of 12, 30–day months. In addition to being the initial Trustee and Paying Agent, Zions Bank is also the initial Bond Registrar with respect to the 2017 Bonds (in such capacity, the "Bond Registrar").

The 2017 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.

Redemption Provisions

Optional Redemption for the 2017 Bonds. The 2017 Bonds maturing on or after February 15, 2028 are subject to redemption, in whole or in part, at the option of the City, on or after August 15, 2027, upon notice as provided in the Resolution, on any date prior to their maturity at a Redemption Price equal to 100% of the principal amount of such 2017 Bonds, plus accrued interest, if any, thereon to the redemption date.

Selection for Redemption. If less than all 2017 Bonds of any maturity are to be redeemed, the 2017 Bonds or portion of 2017 Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any registered 2017 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 2017 Bonds for redemption, the Trustee will treat each such 2017 Bond as representing that number of 2017 Bonds of $5,000 denomination that is obtained by dividing the principal amount of such 2017 Bond by $5,000.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by first–class mail, not less than 30 nor more than 45 days before such redemption date, to the owner, as of the Record Date, as defined under "THE 2017 BONDS—Registration And Transfer; Record Date" below, of each

[1] The anticipated date of delivery is Wednesday, November 8, 2017.

2017 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 2017 Bonds are to be redeemed, the distinctive numbers of the 2017 Bonds or portions of 2017 Bonds to be redeemed, and will also state that the interest on the 2017 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 2017 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

In addition to the foregoing notice, further notice of such redemption will be given by the Trustee to the MSRB 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 2017 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 2017 Bonds. See "THE 2017 BONDS—Book–Entry System" below.

Registration And Transfer; Record Date

Registration and Transfer. In the event the book–entry system is discontinued, any 2017 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 2017 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 2017 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully–registered 2017 Bond or 2017 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 2017 Bonds may be exchanged at the principal corporate office of the Trustee for a like aggregate principal amount of fully–registered 2017 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2017 Bonds, the Trustee must make a charge sufficient to reimburse it for any tax or other governmental change required to be paid with respect to such exchange or transfer of the 2017 Bonds.

Record Date. "Record Date" means with respect to any interest payment date for the 2017 Bonds, the fifteenth Business Day preceding such interest payment date or, if such day is not a Business Day, the Business Day immediately preceding such day. The Trustee will not be required to transfer or exchange any 2017 Bond (i) between each Record Date and the succeeding interest payment date; (ii) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Bonds selected for redemption under the Resolution and ending at the close of business on the day of such mailing; and (iii) and any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2017 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such 2017 Bond to payment of principal, premium and interest with respect to such

2017 Bond and for all other purposes whatsoever. See “APPENDIX E—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

Book–Entry System

DTC will act as securities depository for the 2017 Bonds. The 2017 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 2017 Bond certificate will be issued for each maturity of the 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a “fast agent” of DTC. See “APPENDIX E—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

Debt Service On The 2017 Bonds

	The 2017 Bonds			
Payment Date	Principal	Interest	Period Total	Fiscal Total
February 15, 2018	$ 0.00	$ 52,939.10	$ 52,939.10	$ 52,939.10
August 15, 2018	0.00	98,237.50	98,237.50	
February 15, 2019	0.00	98,237.50	98,237.50	196,475.00
August 15, 2019	0.00	98,237.50	98,237.50	
February 15, 2020	130,000.00	98,237.50	228,237.50	326,475.00
August 15, 2020	0.00	94,987.50	94,987.50	
February 15, 2021	275,000.00	94,987.50	369,987.50	464,975.00
August 15, 2021	0.00	88,112.50	88,112.50	
February 15, 2022	285,000.00	88,112.50	373,112.50	461,225.00
August 15, 2022	0.00	80,987.50	80,987.50	
February 15, 2023	300,000.00	80,987.50	380,987.50	461,975.00
August 15, 2023	0.00	73,487.50	73,487.50	
February 15, 2024	290,000.00	73,487.50	363,487.50	436,975.00
August 15, 2024	0.00	66,237.50	66,237.50	
February 15, 2025	305,000.00	66,237.50	371,237.50	437,475.00
August 15, 2025	0.00	58,612.50	58,612.50	
February 15, 2026	320,000.00	58,612.50	378,612.50	437,225.00
August 15, 2026	0.00	50,612.50	50,612.50	
February 15, 2027	335,000.00	50,612.50	385,612.50	436,225.00
August 15, 2027	0.00	42,237.50	42,237.50	
February 15, 2028	355,000.00	42,237.50	397,237.50	439,475.00
August 15, 2028	0.00	33,362.50	33,362.50	
February 15, 2029	370,000.00	33,362.50	403,362.50	436,725.00
August 15, 2029	0.00	29,200.00	29,200.00	
February 15, 2030	380,000.00	29,200.00	409,200.00	438,400.00
August 15, 2030	0.00	24,450.00	24,450.00	
February 15, 2031	390,000.00	24,450.00	414,450.00	438,900.00
August 15, 2031	0.00	18,600.00	18,600.00	
February 15, 2032	400,000.00	18,600.00	418,600.00	437,200.00
August 15, 2032	0.00	12,600.00	12,600.00	
February 15, 2033	415,000.00	12,600.00	427,600.00	440,200.00
August 15, 2033	0.00	6,375.00	6,375.00	
February 15, 2034	425,000.00	6,375.00	431,375.00	437,750.00
Totals	$4,975,000.00	$1,805,614.10	$6,780,614.10	

(Source: Municipal Advisor.)

Sources And Uses Of Funds

The proceeds from the sale of the 2017 Bonds are estimated to be applied as set forth below:

Sources of Funds:	
Par amount of 2017 Bonds	$4,975,000.00
Original issue premium	553,951.95
Total	$5,528,951.95
Uses of Funds:	
Deposit to Project Account	$5,066,211.00
Capitalized interest (through August 15, 2019)	342,662.96
Costs of Issuance (1)	81,601.09
Underwriter's discount	34,825.00
Original issue discount	3,651.90
Total	$5,528,951.95

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

(Source: Municipal Advisor.)

SECURITY AND SOURCES OF PAYMENT

The 2017 Bonds are special limited obligations of the City, payable solely from and secured by a pledge of the Pledged Taxes and certain funds and accounts pledged therefor and established by the Resolution. The Pledged Taxes consist of all the revenues produced by the local option sales and use tax levied by the City, which is currently levied at the rate of 1% of all taxable sales of goods and services in the City (the maximum rate permitted by the Local Sales and Use Tax Act). No assurance can be given that the Pledged Taxes will remain sufficient for the payment of principal of and interest on the 2017 Bonds and the City is limited by State law in its ability to increase the rate of such taxes. See "RISKS INHERENT IN THE OWNERSHIP OF THE 2017 BONDS" above. The 2017 Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or full faith and credit of the City, and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in any of the improvements financed with the proceeds of the 2017 Bonds to secure payment of the 2017 Bonds.

Upon the occurrence of an Event of Default specified in the Resolution, the Trustee or the Registered Owners of the Bonds may pursue certain remedies to enforce the obligations of the City under the Resolution. These remedies do not include the right to declare all the principal of and interest on the Bonds to be immediately due and payable. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

State Pledge Of Nonimpairment

In accordance with the provisions of the Local Government Bonding Act, Title 11 Chapter 14, Utah Code Annotated 1953, as amended, the State pledges and agrees with the holders of the Bonds that it will not alter, impair or limit the sales taxes in a manner that reduces the amounts to be rebated to the City which are devoted or pledged for the payment of the 2017 Bonds until the 2017 Bonds, together with applicable interest, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the holders of the 2017 Bonds.

The City notes that this provision has not been interpreted by a court of law and, therefore, the extent that such provision would (i) be upheld under constitutional or other legal challenge, (ii) protect the current rates and collection of all Pledged Taxes, or (iii) impact any other aspect of Pledged Taxes, cannot be predicted by the City.

Flow Of Funds

To secure timely payment of the principal of and interest on the 2017 Bonds, the City has pledged and assigned to the Trustee the Pledged Taxes and all moneys in certain funds and accounts established by the Resolution. The Resolution establishes a Construction Fund, a Revenue Fund, a Bond Fund, and certain other funds and accounts.

The Resolution provides that all Pledged Taxes shall be deposited promptly by the City into the Revenue Fund.

As a first charge and lien on the Pledged Taxes, the City shall, on or before the fifth Business Day preceding the end of each month, withdraw from the Revenue Fund and deposit with the Trustee into the Bond Fund for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the separate Series Subaccounts therein shall equal the Accrued Debt Service on the Series of Bonds.

The amounts remaining in the Revenue Fund at the end of each month after the allocations and deposits listed above have been made and not required to be used for remedying any debt service reserve deficiencies with respect to other series of Bonds, if applicable, may be used at any time and from time to time by the City for any other lawful purpose.

Also, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Application of Revenues; Flow of Funds" (page B–6).

Pledged Taxes

Under State law sales taxes are is imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. A use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State or the tangible personal property is stored, used or otherwise consumed in the State.

A sales and use tax due and unpaid constitutes a debt due from the vendor and may be collected, together with interest, penalty, and costs, by appropriate judicial proceeding within three years after the vendor is delinquent. Furthermore, if a sales and use tax is not paid when due and if the vendor has not followed the procedures to object to a notice of deficiency, the Utah State Tax Commission may issue a warrant directed to the sheriff of any county commanding the sheriff to levy upon and sell the real and personal property of a delinquent taxpayer found within such county for the payment of the tax due. The amount of the warrant shall have the force and effect of an execution against all personal property of the delinquent taxpayer and shall become a lien upon the real property of the delinquent taxpayer in the same manner as a judgment duly rendered by any district court.

Pledged Local Sales and Use Taxes. The Local Sales and Use Tax Act currently provides that each county, city and town in the State may levy a sales and use tax of up to 1% on the purchase price of taxable goods and services. Although local governments may elect to levy sales and use taxes at rates less than 1%, various provisions of the Local Sales and Use Tax Act encourage them to levy these taxes at the rate of 1%. The legislative intent of the Local Sales and Use Tax Act is to provide the counties, cities and towns of the State with an added source of revenue to assist them to meet their financial needs and to service their bonded indebtedness. *The City has levied the Pledged Taxes at the maximum legal rate of 1%.*

Local sales and use taxes, including the Pledged Taxes, are collected by the Utah State Tax Commission and distributed monthly to each county, city and town. The distributions are based on a formula, which provides that (i) 50% of sales tax collections will be distributed based on the percentage of the population of the local government to the total population of all similar local governments in the State and (ii) 50% of sales tax collections will be distributed based on the point of sale (the "50/50 Distribution"). The 50/50 Distribution formula and other provisions of the Local Sales and Use Tax Act are subject to legislative changes.

Beginning in Fiscal Year 2014 and ending with Fiscal Year 2016, a local government received the Minimum Tax Revenue Distribution for such fiscal year if for Fiscal Year 2013 the 50/50 Distribution was less than or equal to the product of the Minimum Tax Revenue Distribution and 90% (for Fiscal Years 2014 through 2016 the "Minimum Tax Revenue Distribution" means the greater of the tax revenue distributions received by the local government in Fiscal Year 2001 or Fiscal Year 2005).

Beginning in Fiscal Year 2017 and ending with Fiscal Year 2021, a local government shall receive a tax distribution equal to the greater of the 50/50 Distribution or the total amount of tax revenue distributions received by the local government in Fiscal Year 2005.

Collections. The following table shows the amount of local sales and use taxes (which constitute the Pledged Taxes) collected and received by the City for Fiscal Year 2017 and the 10 past Fiscal Years.

Fiscal Year Ended June 30	Pledged Taxes (2)	% Increase (Decrease) from Prior Year
2017 (1)	$17,918,298	5.3%
2016	17,010,075	2.3
2015	16,625,467	3.4
2014	16,076,033	4.0
2013	15,461,642	3.7
2012	14,910,351	6.5
2011	13,996,455	2.4
2010	13,670,813	(7.6)
2009	14,801,894	(13.2)
2008	17,059,579	(0.5)
2007	17,149,011	12.1

(1) Unaudited; subject to change. (Source: The City.)

(2) Since 1993, the City has levied the local sales and use taxes at the maximum legal rate of 1%. The local sales and use taxes constitute the Pledged Taxes.

(Source: City's 2016 Comprehensive Annual Financial Report, compiled by the Municipal Advisor.)

The Larger Sales Taxpayers. State law prohibits disclosure of actual dollar figures of sales and use tax collections by specific businesses. However, in Fiscal Year 2016, the largest 10 businesses collected approximately 26.2% of the total sales tax collected in the City. The largest tax collection by a single business was approximately 4.3%. Those larger sales tax payers include retail sales establishments, utility providers and automotive dealers. (Source: The City from data provided by the Utah State Tax Commission.)

For the City's presentation of historical sales tax revenues and other revenue bond coverage tables see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016—Statistical Section–Pledged–Revenue Coverage" (CAFR page 112).

Other Sales And Use Taxes

Other City–Wide Sales and Use Taxes. As of the date of this OFFICIAL STATEMENT, the City total sales and use tax rate is 6.85% (consisting of 4.70% state sales; 1% local sales (which is the sales and use tax rate pledged to the repayment of the 2017 Bonds and the Outstanding Parity Bonds); 0.25% county option; 0.25% mass transit; 0.30% additional mass transit; 0.25% county airport, highway, public transit; and 0.10% botanical, cultural, zoo). In addition, the City imposes (i): a 1% municipal transient room tax and a 0.50% additional municipal transient room tax to specific hotel/motel accommodations; (ii) a 6% municipal energy tax; and (iii) a 3.5% municipal telecommunications license tax.

County–Wide Sales and Use Taxes. Within the City are county–wide sales and use taxes *which are **not** pledged to the repayment of Bonds.* For example, as of the date of this OFFICIAL STATEMENT, other current county–wide sales tax levies include:

> (i) a 4.25% transient room tax; (ii) a combined 9.5% tourism–short term leasing tax; (iii) a 1% tourism–restaurant tax; and (iv) a $0.98 monthly per line county telecommunications (consisting of $0.71 E911 emergency; $0.09 unified state–wide 911; and $0.18 radio network) tax.

State–Wide Sales and Use Tax. In addition to the above–described sales and use taxes, the State levies a state–wide sales and use tax, which is currently imposed at a rate of 4.70% of the purchase price of taxable goods and services and 3% on unprepared food and food ingredients. For residential energy use, the State currently imposes a tax rate of 2.7%.

No Debt Service Reserve Fund For The 2017 Bonds And Outstanding Parity Bonds

Pursuant to the Resolution, each Series of Bonds, if required, may be secured by a separate subaccount in the Debt Service Reserve Fund as described in the Resolution.

2017 Bonds. There will be no funding of a subaccount of the Debt Service Reserve Fund with respect to the 2017 Bonds.

Outstanding Parity Bonds (the 2004 Bonds). No subaccount of the Debt Service Reserve Fund has been required to be funded with respect to the Outstanding Parity Bonds.

Issuance Of Additional Bonds

The Resolution permits the issuance of Additional Bonds that are payable on a parity with the 2017 Bonds out of the Pledged Taxes and other amounts pledged under the Resolution. The amount of Additional Bonds that may be issued under the Resolution is not limited by law or the Resolution.

To issue Additional Bonds to finance the construction of a project, the City must, among other requirements, provide a written certificate of the City showing that the Pledged Taxes for the latest Fiscal Year are equal to at least 200% of the maximum annual debt service for all Bonds outstanding under the Resolution upon the issuance of the Additional Bonds.

The City may also issue refunding bonds on a parity with the 2017 Bonds to refund all or a part of any outstanding Bonds, subject to certain conditions specified in the Resolution.

Also, see "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–Additional Bonds" (page B–9).

HISTORICAL DEBT SERVICE COVERAGE

The following table shows the past 10 Fiscal Years of debt service requirements for the Outstanding Parity Bonds, the historical Pledged Taxes received by the City and pledged to the payment of the Bonds and the coverage factor of Pledged Taxes to debt service on the Outstanding Parity Bonds. The City's first issuance of sales tax bonds was in Fiscal Year 2004.

Fiscal Year Ending June 30	Total Debt Service on Outstanding Parity Bonds	Pledged Taxes	Debt Service Coverage (2)
2017 (1)	$3,216,115	$17,918,298	5.6 X
2016	3,215,659	17,010,075	5.3
2015	3,214,286	16,625,467	5.2
2014	3,217,140	16,076,033	5.0
2013	3,214,258	15,461,642	4.8
2012	3,216,138	14,910,351	4.6
2011	3,216,436	13,996,455	4.4
2010	3,214,966	13,670,813	4.3
2009	3,217,702	14,801,894	4.6
2008	3,217,038	17,059,579	5.3
2007	3,214,677	17,149,011	5.3

(1) Unaudited; subject to change. (Source: The City.)
(2) Multiple by which Pledged Taxes exceed Total Debt Service.

(Source: The City's Comprehensive Annual Financial Reports, compiled by the Municipal Advisor.)

For the City's presentation of historical pledged sales tax revenues and coverage table see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016—Statistical Section–Pledged–Revenue Coverage–Sales Tax Revenue Bonds" (CAFR page 112).

PROJECTED DEBT SERVICE COVERAGE

Forward Looking Projected Information. The City does not as a matter of course make public projections as to future revenues, income or other results. However, the City prepared the prospective financial information set forth below in the table "Projected Debt Service Coverage" to present projected debt service coverage on the 2017 Bonds assuming there is no increase or decrease in Fiscal Year 2016 Pledged Taxes. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the City management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the City or was prepared by carrying forward historical information to future years. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this OFFICIAL STATEMENT are cautioned not to place undue reliance on the prospective financial information.

Neither the City's independent auditors nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumption and estimates underlying the prospective financial information are inherently uncertain and, although considered reasonable by the management of the City as of the date hereof, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties, that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of the City or that the actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this OFFICIAL STATEMENT should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

Projected Pledged Taxes And Debt Service Coverage

For purposes of the following debt service coverage table, the amount of Pledged Taxes estimated to be collected for Fiscal Year 2017 is shown for all years during which the 2017 Bonds and the Outstanding Parity Bonds are scheduled to be outstanding.

	The Bonds					
Fiscal Year Ending June 30	2017 Bonds Debt Service	2017 Bonds Capitalized Interest	Outstanding Parity Bonds Debt Service	Total Debt Service	Pledged Taxes (1)	Debt Service Cover-age (2)
Projected:						
2017…………	$ 0	$ 0	$ 3,216,115	$ 3,216,115	$ 17,918,297	5.6 X
2018…………	52,939	(52,939)	3,215,233	3,215,233	17,918,297	5.6
2019…………	196,475	(196,475)	3,217,577	3,217,577	17,918,297	5.6
2020…………	326,475	(98,238)	3,213,215	3,441,453	17,918,297	5.2
2021…………	464,975	–	3,212,891	3,677,866	17,918,297	4.9
2022…………	461,225	–	3,216,063	3,677,288	17,918,297	4.9
2023…………	461,975	–	3,217,189	3,679,164	17,918,297	4.9
2024…………	436,975	–	3,215,998	3,652,973	17,918,297	4.9
2025…………	437,475	–	3,217,219	3,654,694	17,918,297	4.9
2026…………	437,225	–	3,215,310	3,652,535	17,918,297	4.9
2027…………	436,225	–	–	436,225	17,918,297	41.1
2028…………	439,475	–	–	439,475	17,918,297	40.8
2029…………	436,725	–	–	436,725	17,918,297	41.0
2030…………	438,400	–	–	438,400	17,918,297	40.9
2031…………	438,900	–	–	438,900	17,918,297	40.8
2032…………	437,200	–	–	437,200	17,918,297	41.0
2033…………	440,200	–	–	440,200	17,918,297	40.7
2034…………	437,750	–	–	437,750	17,918,297	40.9
Totals……….	$ 6,780,614	$ (347,652)	$ 32,156,810	$ 38,589,773		

(1) Based on collections of Pledged Taxes for Fiscal Year 2017. Unaudited; subject to change. (Source: The City.)
(2) Multiple by which Pledged Taxes exceed Total Debt Service.

(Source: Municipal Advisor.)

THE 2017 PROJECT

Proceeds of the 2017 Bonds are being issued for the purposes of financing the acquisition and construction of ramps, taxiways, runways, parking facilities, public roads, utility improvements and related facilities at the Provo Municipal Airport, pay capitalized interest and pay costs of issuance of the 2017 Bonds. Total cost of the 2017 Project is approximately $11.83 million. The City is using approximately $5.51 million from 2017 Bond proceed; transfers from the General Fund in the amount of $588,192; transfers from the Energy Fund in the amount of $189,524; transfers from the Wastewater Fund of $1.2 million; a loan from Community Grant Block Development Section 108 program in the amount of $2.5 million; and a grant from the Economic Development Agency program in the amount of $3,228,641 for the construction of the 2017 Project. Construction began in June 2017 with completion of the 2017 Project in January 2019.

The City and the Provo City Redevelopment Agency (the "Agency") intend to internally account for and fund all or part of the costs of the 2017 Project, including payments with respect to the 2017 Bonds, with tax increment revenues, which tax increment revenues are to be payed to the Agency by the property owners within the benefited property, improved by the construction of the 2017 Project.

CITY OF PROVO, 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 116,868 residents per the 2016 U.S. Census Bureau estimates, which ranks the City as the third most populated city in the State.

The City maintains a Web site 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 592,299 residents in 2016 per the 2016 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	John Curtis	8	January 2018
Chair, City–wide 1	Dave Sewell	4	January 2018
Vice Chair, District 3	Dave Knecht	6	January 2020
Council Member, District 1	Gary Winterton	6	January 2020
Council Member, District 2	Kim Santiago	4	January 2018
Council Member, District 4	Kay Van Buren	6	January 2020
Council Member, District 5	Dave Harding	2	January 2018
Council Member, City–wide 2	George O. Stewart	10	January 2020
Chief Administrative Officer	Wayne C. Parker	14	Appointed
Director of Administrative Services	John Borget	21	Appointed
Division Director of Finance	Dan Follett	9	Appointed
City Attorney	Robert D. West	32	Appointed
Assistant City Attorney	Camille S. Williams	12	Appointed
City Recorder	Janene Weiss	33	Appointed
City Engineer	Dave Graves	27	Appointed

(Source: The City.)

Employee Workforce And Retirement System; Other Post–Employment Benefits

Employee Workforce and Retirement System. The City employed 832 full–time equivalent employees as of Fiscal Year 2016. For a nine–year Fiscal Year history of the City's full–time employment numbers see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Statistical Section–Full–time City Government Employees by Function Equivalents" (CAFR page 115).

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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 13. Retirement Plans" (CAFR page 65).

Other Post–Employment Benefits. 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, 2016 (the date of the latest actuarial valuation) the City's actuarial accrued liability for benefits was approximately $12.7 million. The City pays retiree's health care and life insurance premiums on a pay–as–you–go basis. The City paid $1,600,414 in premiums for retirees for Fiscal Year 2016.

For a detailed discussion of the City's post–employment benefits program see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 12. Other Post–Employment Benefits (OPEB)" (CAFR page 61).

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 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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 5. Risk Management" (CAFR page 49); "–Note 10. Contingent Liabilities" (CAFR page 57); "–Internal Service Funds, Insurance/Claims" (CAFR pages 94 through 96).

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 investments 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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 2. Deposits and Investments" (CAFR page 43).

Investment of 2017 Bond Proceeds. Certain proceeds of the 2017 Bonds for the 2017 Project will be held by the Trustee and invested to be readily available. The 2017 Bond proceeds may also be invested in the PTIF or other available investment funds authorized under the Money Management Act.

Population

	City	% Change From Prior Period	County	% Change From Prior Period
2016 Estimate (1)	116,868	3.9%	592,299	14.7%
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, 2016. 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, City of Provo And The State Of Utah

Labor Force, Nonfarm Jobs and Wages within Utah County

	Calendar Year (1)						% change from prior year				
	2016	2015	2014	2013	2012	2011	2015–16	2014–15	2013–14	2012–13	2011–12
Civilian labor force………………………….	279,346	266,078	255,870	249,399	239,088	231,334	5.0	4.0	2.6	4.3	3.4
Employed persons……………………..….	270,835	257,594	246,942	238,806	227,084	216,768	5.1	4.3	3.4	5.2	4.8
Unemployed persons…………………….	8,511	8,484	8,928	10,593	12,004	14,566	0.3	(5.0)	(15.7)	(11.8)	(17.6)
Total private sector (agerage)……………….	204,480	192,948	180,028	171,903	162,252	153,981	6.0	7.2	4.7	5.9	5.4
Agriculture, forestry, fishing and hunting..	1,209	1,166	1,159	1,143	1,155	1,052	3.7	0.6	1.4	(1.0)	9.8
Mining…………………………………….	72	88	111	103	127	76	(18.2)	(20.7)	7.8	(18.9)	67.1
Utilities………..………………………….	350	289	289	282	299	289	21.1	0.0	2.5	(5.7)	3.5
Construction…………………………….….	21,156	18,587	16,320	14,771	13,385	10,563	13.8	13.9	10.5	10.4	26.7
Manufacturing…………………………….	17,616	17,646	17,773	17,476	16,539	15,827	(0.2)	(0.7)	1.7	5.7	4.5
Wholesale trade………………………….	6,412	6,716	6,222	5,611	5,206	4,908	(4.5)	7.9	10.9	7.8	6.1
Retail trade……………………………….	29,880	28,105	25,411	24,283	23,141	22,474	6.3	10.6	4.6	4.9	3.0
Transportation and warehousing…………	3,086	2,899	2,607	2,416	2,415	2,350	6.5	11.2	7.9	0.0	2.8
Information……………………………….	12,470	11,190	9,995	9,347	8,600	8,019	11.4	12.0	6.9	8.7	7.2
Finance and insurance……………………	5,002	4,873	4,499	4,559	4,289	3,904	2.6	8.3	(1.3)	6.3	9.9
Real estate and rental and leasing………..	2,620	2,356	2,306	2,254	2,031	1,998	11.2	2.2	2.3	11.0	1.7
Professional, scientific and technical……..	17,272	16,409	15,217	13,847	12,634	12,004	5.3	7.8	9.9	9.6	5.2
Management of companies/enterprises…..	1,409	1,191	1,239	1,059	1,128	1,154	18.3	(3.9)	17.0	(6.1)	(2.3)
Administrative/support/waste/redediation..	13,246	12,299	11,159	11,015	10,913	10,244	7.7	10.2	1.3	0.9	6.5
Education services……………………….	24,013	23,096	22,575	22,481	22,361	21,565	4.0	2.3	0.4	0.5	3.7
Health care and social assistance…………	25,552	24,316	22,958	22,136	20,780	20,181	5.1	5.9	3.7	6.5	3.0
Arts, entertainment and recreation……….	2,369	2,166	1,833	1,761	1,988	1,857	9.4	18.2	4.1	(11.4)	7.1
Accommodation and food services……….	16,811	15,799	14,793	13,934	12,979	12,294	6.4	6.8	6.2	7.4	5.6
Other services……………..……………...	5,141	4,913	4,710	4,564	4,368	4,268	4.6	4.3	3.2	4.5	2.3
Unclassified establishments…….……….	7	1	1	8	10	9	600.0	0.0	(87.5)	(20.0)	11.1
Total public sector (agerage)……………….	30,167	29,289	28,809	28,251	27,859	27,076	3.0	1.7	2.0	1.4	2.9
Federal………………………………….	970	919	903	917	949	971	5.5	1.8	(1.5)	(3.4)	(2.3)
State…………………………………….	8,687	8,439	8,213	8,111	7,804	7,224	2.9	2.8	1.3	3.9	8.0
Local…………………………………….	20,510	19,931	19,693	19,223	19,107	18,882	2.9	1.2	2.4	0.6	1.2
Total payroll (in $1,000's) (4)……………….	$ 9,515,641	$ 8,779,965	$ 7,936,307	$ 7,464,442	$ 6,973,813	$ 6,439,039	346.8	10.6	6.3	7.0	8.3
Average monthly wage……………………	$ 3,379	$ 3,292	$ 3,167	$ 3,108	$ 3,057	$ 3,964	2.6	3.9	1.9	1.7	(22.9)
Average employment…………………….	234,648	222,236	208,836	200,154	190,111	181,056	5.6	6.4	4.3	5.3	5.0
Establishments……………………………	14,972	14,298	13,687	13,246	12,500	12,232	4.7	4.5	3.3	6.0	2.2

(1) Utah Department of Workforce Services.

Employment, Income, Construction, And Sales Taxes Within Utah County, City of Provo 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 2016	2015	2014	2013	2012	2011	% change from prior year 2015–16	2014–15	2013–14	2012–13	2011–12
Total Personal Income (in $1,000's):											
Utah County	–	$ 19,719,517	$ 18,269,575	$ 16,822,234	$ 15,985,403	$ 14,648,928	–	7.9	8.6	5.2	9.1
State of Utah	$ 124,319,657	117,763,901	110,843,820	104,664,413	101,508,754	94,918,680	5.6	6.2	5.9	3.1	6.9
Total Per Capita Personal Income:											
Utah County	–	$ 34,283	$ 32,535	$ 30,453	$ 29,597	$ 27,611	–	5.4	6.8	2.9	7.2
State of Utah	$ 39,308	39,308	37,644	36,045	35,538	33,702	0.0	4.4	4.4	1.4	5.4
Median Household Income:											
Utah County	–	$ 65,425	$ 60,957	$ 60,069	$ 58,167	$ 58,077	–	7.3	1.5	3.3	0.2
State of Utah	–	62,961	60,943	57,067	55,802	54,740	–	3.3	6.8	2.3	1.9

Construction within City of Provo (2)

	Calendar Year 2016	2015	2014	2013	2012	2011	% change from prior year 2015–16	2014–15	2013–14	2012–13	2011–12
Number new dwelling units	267.0	319.0	330.0	264.0	124.0	325.0	2,125.0	(3.3)	25.0	112.9	(61.8)
New (in $1,000's):											
Residential value	$ 62,328.8	$ 42,794.2	$ 43,323.2	$ 39,000.2	$ 51,202.8	$ 54,068.1	1,847.2	(1.2)	11.1	(23.8)	(5.3)
Non–residential value	569,979.3	57,916.4	131,574.5	111,263.0	11,599.1	62,107.9	47,154.1	(56.0)	18.3	859.2	(81.3)
Additions, alterations, repairs (in $1,000's):											
Residential value	6,850.7	7,606.6	7,174.9	6,097.0	4,320.7	12,880.1	330.2	6.0	17.7	41.1	(66.5)
Non–residential value	63,926.2	36,112.8	30,255.0	86,734.5	42,458.8	23,421.5	(49.1)	19.4	(65.1)	104.3	81.3
Total construction value (in $1,000's)	$ 703,085.0	$ 144,430.0	$ 212,327.6	$ 243,094.7	$ 109,581.4	$ 152,477.6	386.8	(32.0)	(12.7)	121.8	(28.1)

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

	Calendar Year 2016	2015	2014	2013	2012	2011	% change from prior year 2015–16	2014–15	2013–14	2012–13	2011–12
Gross Taxable Sales (in $1,000's):											
Utah County	$ 8,670,909	$ 8,151,075	$ 7,555,120	$ 7,186,924	$ 6,886,070	$ 6,264,356	6.4	7.9	5.1	4.4	9.9
City of Provo	1,367,335	1,315,292	1,296,485	1,242,263	1,154,862	1,071,799	4.0	1.5	4.4	7.6	7.7
State of Utah	56,502,434	53,933,277	51,709,162	49,404,045	47,531,179	44,097,026	4.8	4.3	4.7	3.9	7.8

	Fiscal Year 2016	2015	2014	2013	2012	2011	% change from prior year 2015–16	2014–15	2013–14	2012–13	2011–12
Local Sales and Use Tax Distribution:											
Utah County (and all cities)	$ 90,870,169	$ 83,391,946	$ 81,280,075	$ 77,867,042	$ 72,132,139	$ 67,482,710	9.0	2.6	4.4	8.0	6.9
City of Provo	16,929,103	16,591,105	16,048,759	15,474,360	14,633,508	13,940,388	2.0	3.4	3.7	5.7	5.0

(1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.
(2) University of Utah Bureau of Economic and Business Research, Utah Construction Report.
(3) Utah State Tax Commission.

Largest Employers

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

Employer (Location)	Business	Approximate Range of Number of Employees
Major Employers in the City		
Brigham Young University (Provo)	Education services	15,000–23,000
Utah Valley Regional Medical Center (Provo)	Health care and social assistance	3,000–4,000
Vivint, Inc. (Provo)	Construction	3,000–4,000
Provo City School District (Provo)	Education services	1,430–3,250
Provo City (Provo)	Public administration	820–1,700
NuSkin International Inc. (Provo)	Wholesale trade	750–1,500
Ancestry.com (Provo)	Retail trade	500–1,000
Central Utah Medical Clinic (Provo)	Health care and social assistance	500–1,000
Chrysalis Utah, Inc. (Provo)	Health care and social assistance	500–1,000
Citizens Telecommunication (Provo)	Information	500–1,000
Qualtrics, LLC (Provo)	Professional, scientific, & technical svcs.	500–1,000
RBD Acquisition Sub, Inc. (Provo)	Admin., support, waste mgmt., remed.	500–1,000
Utah State Hospital (Provo)	Health care and social assistance	500–1,000
Major Employers in the County		
Alpine School District (northern county–wide)	Education services	4,950–10,550
Utah Valley University (Orem)	Education services	4,000–6,000
Nebo School District (southern county–wide)	Education services	2,330–5,150
Wal–Mart (county–wide)	Retail trade	2,250–4,500
Doterra International LLC (Pleasant Grove)	Retail trade	1,100–2,250
Adobe Systems Incorporated (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 mgmt., remed.	1,000–2,000
Smith's Food and Drug (county–wide)	Retail trade	720–1,650
Vivint Solar Developer LLC (Lehi)	Construction	600–1,250
Costco Wholesale Corp (Lehi, Orem, Spanish Fork)	Retail trade	600–1,250
SOS Staffing Services (county–wide)	Admin., support, waste mgmt., remed.	550–1,250
Alpine Building LLC (American Fork)	Construction	500–1,000
American Fork Hospital (American Fork)	Health care and social assistance	500–1,000
Bluehost.com (Orem)	Information	500–1,000
Domo, Inc. (American Fork)	Information	500–1,000
Entrata, Inc. (Lehi)	Information	500–1,000
Maceys Inc. (county–wide)	Retail trade	500–1,000
SolutionReach, Inc. (Lehi)	Professional, scientific, & technical svc.	500–1,000
Timpanogos Regional Medical Service (Orem)	Health care and social assistance	500–1,000
Utah State Development Center (American Fork)	Health care and social assistance	500–1,000
Xactware Solutions, Inc. (Lehi)	Professional, scientific, & technical svc.	500–1,000
Young Living Essential Oils (Lehi)	Retail trade	500–1,000
Young Living Essential Oils (Lehi)	Transportation and warehousing	500–1,000
Ancestry.com (Lehi, Orem)	Retail trade	150–350

(Source: Utah Department of Workforce Services. Updated March 2017 (reflecting information as of September 2016).)

For additional demographic, economic, and principal employers as of the City's Fiscal Year 2016 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Statistical Section–Demographic and Economic Statistics Last Ten Fiscal Years" (CAFR page 113) and "–Principal Employers–Current Year and Nine Years Ago" (CAFR page 114).

Rate Of Unemployment—Annual Average

Year	Utah County	State of Utah	United States
2017 (1)	3.0%	3.5%	4.4%
2016	3.0	3.5	4.9
2015	3.2	3.5	5.3
2014	3.5	3.8	6.2
2013	4.2	4.6	7.4
2012	5.0	5.4	8.1

(1) Preliminary, subject to change. As of August 2017 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF THE CITY OF PROVO, UTAH

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 the 2004 Indenture.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2017 (1) (2)	Airport	$ 4,975,000	February 15, 2034	$ 4,975,000
2004 (2) (3)	Telecommunication	39,500,000	February 15, 2026	22,440,000
Total principal amount of outstanding debt				$27,415,000

(1) For purposes of this OFFICIAL STATEMENT the 2017 Bonds will be considered issued and outstanding.
(2) Rated "AA+" by S&P Global Ratings ("S&P"), as of the date of this OFFICIAL STATEMENT.
(3) 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. (formerly Financial Guaranty Insurance Company).

(Source: Municipal Advisor.)

Outstanding Redevelopment Agency Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City's Redevelopment Agency has outstanding the following tax increment revenue bond.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2005 (1)	Tax increment	$2,100,000	May 1, 2026	$1,270,000

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

(Source: Municipal Advisor.)

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.

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2010B (2)	Storm water	$3,850,000	June 1, 2024	$3,850,000
2010A	Refunding	4,435,000	June 1, 2019	695,000
Total principal amount of outstanding debt				$4,545,000

(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 Investors Service ("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 General Obligation Bonded Indebtedness

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

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2017 (1)	Refunding	$24,550,000	January 1, 2032	$24,550,000
2011 (1) (2)	Recreation	39,000,000	January 1, 2021 (3)	7,140,000
Total principal amount of outstanding debt				$31,690,000

(1) Rated "Aa1" by Moody's and "AA+" by S&P, as of the date of this OFFICIAL STATEMENT.
(2) Principal portions of this bond were refunded by the 2017 GO Bonds.
(3) Final maturity date after a portion of this bond was refunded by the 2017 GO Bonds.

(Source: Municipal Advisor.)

Outstanding Cemetery Revenue Bonded Indebtedness

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

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2014 (1)	Cemetery	$2,334,000	May 1, 2034	$2,082,000

(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.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2015A (1)	Wastewater	$8,980,000	February 1, 2035	$8,360,000

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

(Source: Municipal Advisor.)

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.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2015A (1)	Water	$10,775,000	February 1, 2035	$10,030,000

(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.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2015A (1)	Electric	$19,550,000	February 1, 2035	$17,955,000

(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 Sales Tax Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2017 $4,975,000 Principal	Series 2017 $4,975,000 Interest	Series 2004 (1) $39,500,000 Principal	Series 2004 (1) $39,500,000 Interest	Totals Total Principal	Totals Total Interest	Totals Total Debt Service
2016……….	$ 0	$ 0	$ 1,820,000	$ 1,395,659	$ 1,820,000	$ 1,395,659	$ 3,215,659
2017……….	0	0	1,910,000	1,306,115	1,910,000	1,306,115	3,216,115
2018……….	0	52,939	2,005,000	1,210,233	2,005,000	1,263,172	3,268,172
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………	$ 4,975,000	$ 1,805,614	$ 26,170,000	$ 9,202,469	$31,145,000	$11,008,083	$42,153,083

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

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding Redevelopment Agency Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2005 $2,100,000 Principal	Interest	Total Debt Service
2016……………………	$ 135,000	$ 71,295	$ 206,295
2017……………………	50,000	64,680	114,680
2018……………………	50,000	62,230	112,230
2019……………………	50,000	59,780	109,780
2020……………………	90,000	57,330	147,330
2021……………………	95,000	52,920	147,920
2022……………………	100,000	48,265	148,265
2023……………………	105,000	43,365	148,365
2024……………………	110,000	38,220	148,220
2025……………………	325,000	32,830	357,830
2026……………………	345,000	16,905	361,905
Totals…………………	$1,455,000	$ 547,820	$ 2,002,820

(Source: Municipal Advisor.)

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

Fiscal Year Ending June 30	Series 2010B $3,850,000 Principal	Series 2010B $3,850,000 Interest (1)	Series 2010A $4,435,000 Principal	Series 2010A $4,435,000 Interest	Totals: Total Principal	Totals: Total Interest (1)	Totals: Total Debt Service (1)
2016………	$ 0	$ 184,576	$ 560,000	$ 54,900	$ 560,000	$ 239,476	$ 799,476
2017………	0	184,576	575,000	38,100	575,000	222,676	797,676
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………	710,000 (2)	35,500	–	–	710,000	35,500	745,500
Totals………	$3,850,000	$ 1,243,177	$1,830,000	$116,850	$5,680,000	$ 1,360,027	$ 7,040,027

(1) Federally taxable, 35% interest subsidy, Build America Bonds. Does not reflect the 35% federal interest subsidy payments.

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

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2017 $24,550,000 Principal	Series 2017 $24,550,000 Interest	Series 2011 $39,000,000 Principal	Series 2011 $39,000,000 Interest	Totals Total Principal	Totals Total Interest	Totals Total Debt Service
2016……….	$ 0	$ 0	$ 1,610,000	$ 1,584,350	$ 1,610,000	$ 1,584,350	$ 3,194,350
2017……….	0	0	1,640,000	1,552,150	1,640,000	1,552,150	3,192,150
2018……….	0	307,843	1,680,000	898,375	1,680,000	1,206,218	2,886,218
2019……….	0	1,191,650	1,750,000	218,400	1,750,000	1,410,050	3,160,050
2020……….	0	1,191,650	1,820,000	148,400	1,820,000	1,340,050	3,160,050
2021……….	0	1,191,650	1,890,000	75,600	1,890,000	1,267,250	3,157,250
2022……….	1,760,000	1,191,650	0	0 (1)	1,760,000	1,191,650	2,951,650
2023……….	1,825,000	1,121,250	0	0 (1)	1,825,000	1,121,250	2,946,250
2024……….	1,900,000	1,048,250	0	0 (1)	1,900,000	1,048,250	2,948,250
2025……….	1,995,000	953,250	0	0 (1)	1,995,000	953,250	2,948,250
2026……….	2,095,000	853,500	0	0 (1)	2,095,000	853,500	2,948,500
2027……….	2,205,000	748,750	0	0 (1)	2,205,000	748,750	2,953,750
2028……….	2,310,000	638,500	0	0 (1)	2,310,000	638,500	2,948,500
2029……….	2,425,000	523,000	0	0 (1)	2,425,000	523,000	2,948,000
2030……….	2,550,000	401,750	0	0 (1)	2,550,000	401,750	2,951,750
2031……….	2,675,000	274,250	0	0 (1)	2,675,000	274,250	2,949,250
2032……….	2,810,000	140,500	0	0 (1)	2,810,000	140,500	2,950,500
Totals………	$24,550,000	$11,777,443	$10,390,000	$ 4,477,275	$34,940,000	$16,254,718	$51,194,718

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

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding Cemetery Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2014 $2,334,000 Principal	Interest	Total
2016……….	$ 82,000 (1)	$ 87,075	$ 169,075
2017……….	86,000 (1)	83,902	169,902
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……….	163,000 (1)	6,308	169,308
Totals….	$2,250,000	$ 969,048	$3,219,048

(1) Mandatory sinking fund principal payments from a $2,334,000 3.87% term bond due May 1, 2034.

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding Wastewater Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2015A $8,980,000 Principal	Interest	Total
2016..........	$ 310,000	$ 348,025	$ 658,025
2017..........	310,000	344,750	654,750
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....	$ 8,980,000	$4,153,000	$13,133,000

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding Water Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2015A $10,775,000 Principal	Interest	Total
2016……….	$ 370,000	$ 417,566	$ 787,566
2017……….	375,000	413,675	788,675
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….	$10,775,000	$4,983,091	$15,758,091

(Source: Municipal Advisor.)

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

Fiscal Year Ending	Series 2015A $19,550,000		
June 30	Principal	Interest	Total
2016……….	$ 875,000	$ 480,035	$ 1,355,035
2017……….	720,000	634,623	1,354,623
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
2034……….	1,270,000	84,013	1,354,013
2035……….	1,315,000	42,738	1,357,738
Totals….	$19,550,000	$7,547,222	$27,097,222

(Source: Municipal Advisor.)

Other Financial Considerations; Capital Leases; Joint Ventures

Other Financial Considerations. From time to time the City may issue conduit debt for private business. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 8. Long–Term Debt–Conduit Debt" (CAFR page 51). The City has no liability for these bond issues.

Capital Leases. In addition, the City has various capital leases outstanding. As of Fiscal Year 2016, the present value of the minimum lease payments of the City's capital leases totals $5,500,000, with annual payments scheduled through Fiscal Year 2023. In Fiscal Year 2017, the City entered a $2.04 million lease for the purchase of a fire truck. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 7. Capital Leases" (CAFR page 50).

Joint Ventures. The City also participates in several joint ventures for electric energy, solid waste, recreation (ice sheets) and animal services. For a discussion of the City Fiscal Year 2016 joint ventures see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 11. Joint Ventures" (CAFR page 57).

Overlapping And Underlying General Obligation Debt

Taxing Entity	2017 Taxable Value (1)	City's Portion of Taxable Value	City's Percentage	Entity's General Obligation Debt	City's Portion of G.O. Debt
Overlapping:					
State of Utah	$258,702,348,415	$5,932,363,709	2.29%	$2,044,520,000	$ 46,819,508
CUWCD (2)	152,263,370,257	5,932,363,709	3.90	218,500,000	8,521,500
Provo City School District	5,922,897,903	5,922,897,903	100.00	119,985,000	119,985,000
Total overlapping					175,326,008
Underlying:					
Alpine School District	24,898,319,740	4,732,903	0.02	441,725,000	88,345
Nebo School District	8,085,222,845	4,732,903	0.06	182,775,000	109,665
Total underlying					198,010
Total overlapping and underlying general obligation debt					$175,524,018
Total *overlapping* general obligation debt (excluding the State) (3)					$128,506,500
Total *direct* general obligation bonded indebtedness					31,690,000
Total *direct and overlapping* general obligation debt (excluding the State)					$160,196,500

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

(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. See "FINANCIAL INFORMATION REGARDING THE CITY OF PROVO, UTAH—Taxable, Fair Market And Market Value Of Property" below.

(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 2016 overlapping general obligation debt table, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016—Statistical Information–Direct and Overlapping Governmental Activities Debt as of June 30, 2016" (CAFR page 110).

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 2017 Est. Taxable Value (1)	To 2017 Est. Market Value (2)	To 2016 Population Estimate Per Capita (3)
Direct general obligation debt	0.53%	0.36%	$ 271
Direct and overlapping general obligation debt	2.70	1.82	1,371

(1) Based on an estimated 2017 Taxable Value of $5,932,363,709, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
(2) Based on an estimated 2017 Market Value of $8,802,119,423, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
(3) Based on 2016 estimate of 116,868 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

Also, see "FINANCIAL INFORMATION REGARDING THE CITY OF PROVO, UTAH—Taxable, Fair Market And Market Value Of Property" below.

For a 10–year history of debt ratios of the City regarding general obligation bonds as, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Statistical Section–Ratios of General Bonded Debt Outstanding" (CAFR page 109).

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) as computed from the last equalized assessment rolls 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 2016 and the calculated valuation value from 2016 uniform fees, and are calculated as follows:

2016 "Fair Market Value"	$8,050,017,241
2016 Valuation from Uniform Fees (1)	54,379,799
2016 "Fair Market Value for Debt Incurring Capacity"	$8,104,397,040

	4% Sewer, Water and Electric	4% Other Purposes	8% Total (2)
"Fair Market Value" times 4%................	$324,175,882	$ 0	$324,175,882
"Fair Market Value" times 4%................	0	324,175,882	324,175,882
Total debt incurring capacity	324,175,882	324,175,882	648,351,764
Less: current outstanding general obligation debt	(0)	(31,690,000)	(31,690,000)
Additional debt incurring capacity...........	$324,175,882	$292,485,882	$616,661,764

(1) 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.

(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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Statistical Section–Legal Debt Margin Information Last Ten Years" (CAFR page 111).

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, 2024. 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 2017 with reductions in subsidy payments of $4,458 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 THE CITY OF PROVO, 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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–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 2016 period (total general fund revenues were $53,002,161).

Taxes—Approximately 59% (or $31,245,542) of general fund revenues are from taxes: approximately 32% (or $17,010,000) from sales and use taxes; and approximately 27% (or $14,331,000) from property taxes.

Charges for Services—Approximately 18% (or $9,338,672) of general fund revenues are from charges for services.

Intergovernmental Revenue—Approximately 8% (or $4,399,820) of general fund revenues are from State shared revenues.

Licenses and Permits—Approximately 6% (or $2,933,085) of general fund revenues are collected from licenses and permits.

Miscellaneous—Approximately 3% (or $1,690,969) of general fund revenues are collected from other miscellaneous sources.

Fines and Forfeitures—Approximately 3% (or $1,682,019) of general fund revenues are collected from fines and forfeitures.

Overhead charges—Approximately 3% (or $1,503,588) of general fund revenues are collected from overhead charges.

Interest income—Less than 1% (or $120,866) of general fund revenues are collected from interest income.

Lease income—Less than 1% (or $87,600) of general fund revenues are collected from lease income.

(Source: Compiled by the Municipal Advisor from information taken from the Fiscal Year 2016 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 2017 must be completed under State law by December 31, 2017.

City of Provo, Utah

Statement of Total Net Position

(This summary has not been audited)

	As of June 30				
	2016	2015	2014	2013	2012
Assets and deferred outflows or resources:					
Assets:					
Current assets:					
Cash…………………………………………	$ 79,800,264	$ 71,011,411	$ 62,841,194	$ 49,818,536	$ 35,675,610
Restricted cash……………………………….	52,164,918	66,657,532	25,947,608	27,137,377	58,957,811
Accounts receivable………………………….	34,849,343	35,319,021	34,548,308	35,251,653	34,047,969
Inventory…………………………………….	1,922,568	2,158,851	2,384,581	2,169,740	2,036,557
Prepaid expenses…………………………….	–	–	125,790	125,790	188,820
Total current assets……………………	168,737,093	175,146,815	125,847,481	114,503,096	130,906,767
Noncurrent assets:					
Capital assets:					
Depreciable assets (net of depreciation)……	314,673,002	305,913,467	304,751,641	261,154,436	278,540,158
Non depreciable…………………………….	260,240,883	239,419,520	227,600,964	257,475,335	237,810,564
Total capital assets……………………	574,913,885	545,332,987	532,352,605	518,629,771	516,350,722
Other assets:					
Notes and loans receivable………………....	16,109,001	16,590,544	15,177,774	15,446,795	17,116,097
Investment in joint venture…………………	13,726,072	13,064,044	14,017,821	14,452,246	14,526,941
Net pension asset……………………………	22,255	602,637	–	–	–
Other………………………………………	11,836	53,766	2,684,894	2,814,320	2,236,434
Total other assets………………………	29,869,164	30,310,991	31,880,489	32,713,361	33,879,472
Total noncurrent assets………………	604,783,049	575,643,978	564,233,094	551,343,132	550,230,194
Total assets……………………………	773,520,142	750,790,793	690,080,575	665,846,228	681,136,961
Deferred outflows of resources:					
Related to pensions…………………………………	12,429,109	3,734,845	–	–	–
Loss on refunding……………..……………………	–	–	–	604,575	–
Total deferred outflows of resources….	12,429,109	3,734,845	–	604,575	–
Total assets and deferred outflows of resources…………………..……….	$785,949,251	$754,525,638	$690,080,575	$666,450,803	$681,136,961
Liabilities and net position:					
Liabilities:					
Current liabilities:					
Accrued liabilities……………………………	$ 9,472,295	$ 9,918,257	$ 10,240,698	$ 8,194,198	$ 7,728,077
Accounts payable…………………………….	8,389,444	8,249,781	5,354,053	4,924,131	8,776,330
Customer deposits……………………………	6,481,302	5,159,178	4,779,523	4,657,740	3,879,344
Bonds, loans and leases payable………………	6,412,835	6,267,480	5,856,189	9,947,731	9,570,616
Accrued compensated absences………………	2,348,357	2,267,379	2,238,917	2,202,877	344,829
Accrued interest payable………………………	1,910,348	1,768,319	1,411,103	1,495,996	1,629,530
Unearned revenue……………………………	–	–	283,020	8,262	11,129,955
Total current liabilities…………………	35,014,581	33,630,394	30,163,503	31,430,935	43,058,681
Long–term liabilities:					
Bonds payable…………………………………	104,638,332	110,516,268	73,740,524	76,855,495	85,184,630
Net pension liability……………………………	26,623,167	20,088,257	–	–	–
Accrued compensated absences………………	5,479,500	5,290,541	5,228,147	5,144,056	6,551,768
Lease payable…………………………………	4,753,165	–	462,500	919,382	1,332,587
Unearned revenue……………………………	559,459	857,559	872,742	–	–
Net OPEB payable……………………………	545,193	543,338	541,403	539,476	1,114,074
Notes payable…………………………………	–	–	42,980	188,286	326,674
Total long–term liabilities……………	142,598,816	137,295,963	80,888,296	83,646,695	94,509,733
Total liabilities………………………..	177,613,397	170,926,357	111,051,799	115,077,630	137,568,414
Deferred inflows of resources:					
Deferred property tax revenue…………………….	10,800,161	10,633,187	11,411,268	11,255,994	–
Deferred inflows related to pensions………………	3,813,692	3,851,762	–	–	–
Total deferred inflows of resources…..	14,613,853	14,484,949	11,411,268	11,255,994	–
Net position:					
Net investment in capital assets……………………	$504,824,968	$497,316,128	$480,035,033	$430,718,877	$419,936,215
Unrestricted………………...………………………	78,095,635	61,092,262	76,089,816	98,709,172	106,413,755
Restricted for:					
Capital projects….…………………………………	8,246,895	8,294,765	6,976,464	6,837,982	9,393,301
Debt service……………………………………	2,554,503	2,411,177	4,516,195	3,851,148	7,825,276
Total net position……………………...	593,722,001	569,114,332	567,617,508	540,117,179	543,568,547
Total liabilities, deferred inflows of resources and net position….…………	$785,949,251	$754,525,638	$690,080,575	$666,450,803	$681,136,961

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

City of Provo, 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)				
	2016	2015	2014	2013	2012
Governmental activities:					
Public safety……	$ (24,843,338)	$ (25,263,408)	$ (23,340,813)	$ (21,786,261)	$ (20,487,138)
General government……	(12,919,260)	(7,953,323)	(14,111,289)	(4,871,654)	(3,655,340)
Culture and recreation……	(9,867,339)	(13,672,860)	(9,885,317)	(9,615,358)	(9,581,581)
Community revitalization……	(6,127,516)	1,542,109	(2,499,260)	(1,117,854)	740,127
Interest on long–term debt……	(3,253,889)	(3,405,382)	(3,867,154)	(3,707,262)	(2,757,148)
Public services……	5,079,428	1,804,074	6,378,496	(4,440,830)	(4,157,294)
Total governmental activities…	(51,931,914)	(46,948,790)	(47,325,337)	(45,539,219)	(39,898,374)
Business–type activities:					
Energy……	15,626,437 (2)	11,779,707	12,617,999	11,291,195	8,427,342
Water……	5,521,464	3,007,492	2,440,021	3,619,145	2,750,222
Wastewater……	3,960,227	1,663,366	1,216,597	2,461,184	2,014,458
Sanitation……	2,184,331	(76,762)	150,221	835,564	383,852
Storm drain……	1,602,799	351,085	456,864	627,267	668,873
Utility transportation……	459,358	2,384,790	–	–	–
Golf course……	(328,321)	(233,704)	(371,604)	(496,083)	(505,585)
Airport……	(610,449)	5,505,856	1,225,802	(1,226,739)	(825,227)
Telecommunications……	–	–	–	(2,405,529)	(1,316,897)
Total business–type activities…	28,415,846	24,381,830	17,735,900	14,706,004	11,597,038
Total primary government……	(23,516,068)	(22,566,960)	(29,589,437)	(30,833,215)	(28,301,336)
General revenues:					
Taxes:					
Sales……	17,427,786	17,005,890	16,431,948	15,811,183	15,199,015
Property……	13,392,417	15,073,906	14,523,823	14,089,302	13,537,074
Franchise……	9,048,377	8,968,660	9,210,230	9,139,437	8,561,350
Vehicle……	841,044	957,751	925,744	901,678	879,969
Miscellaneous……	5,556,046	4,025,709	14,889,212	9,382,669	10,428,032
Gain (loss) on sale of assets……	1,687,243	37,960	208,663	(22,486,508)	–
Investment earnings……	975,001	753,364	900,146	544,086	2,128,928
Total general revenues……	48,927,914	46,823,240	57,089,766	27,381,847	50,734,368
Change in net position……	25,411,846	24,256,280	27,500,329	(3,451,368)	22,433,032
Net position–beginning, restated……	568,310,155	544,858,052	540,117,179	543,568,547	521,135,515
Net position–ending……	$ 593,722,001	$ 569,114,332	$ 567,617,508	$ 540,117,179	$ 543,568,547

(1) This report is presented is 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 enery system rates.

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

City of Provo, Utah

Balance Sheet—Governmental Fund Types—General Fund

(This summary has not been audited)

	As of June 30				
	2016	2015	2014	2013	2012
Assets:					
Cash	$ 10,123,332	$ 9,123,891	$ 6,068,444	$ 3,710,971	$ 3,128,105
Accounts receivable	10,069,280	9,610,055	9,963,862	9,667,506	10,208,819
Restricted cash	8,021,932	5,956,116	7,486,901	7,334,644	7,343,891
Notes receivable	2,186,580	1,494,505	1,536,451	639,000	–
Due from other funds	1,129,350	–	2,935,770	4,836,900	2,155,195
Inventory	74,648	35,548	38,564	35,761	49,430
Other	11,836	11,836	–	–	–
Investment in land.	–	–	22,557	–	–
Total assets and other debits	$ 31,616,958	$ 26,231,951	$ 28,052,549	$ 26,224,782	$ 22,885,440
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Customer deposits	$ 5,211,223	$ 3,771,194	$ 3,420,404	$ 3,000,863	$ 2,164,217
Accrued liabilities	1,530,752	1,389,068	1,122,149	965,136	575,880
Due to other funds	884,580	514,127	619,717	619,718	798,615
Accounts payable	844,224	826,802	1,732,532	1,203,600	1,691,257
Deferred revenue	–	–	–	–	4,884,807
Total liabilities	8,470,779	6,501,191	6,894,802	5,789,317	10,114,776
Deferred inflows of resources:					
Deferred property tax revenue	4,409,462	4,311,568	4,013,078	3,940,790	–
Deferred unavailable revenue	1,526,646	988,326	1,205,446	1,300,931	–
Deferred revenue–loans receivable	1,053,929	1,494,504	1,161,176	–	–
Total deferred inflows of resources	6,990,037	6,794,398	6,379,700	5,241,721	–
Fund balances:					
Unassigned	11,170,908	8,633,582	8,338,392	8,977,109	7,639,117
Restricted	2,896,963	2,287,246	4,167,292	4,045,560	3,648,811
Assigned	2,001,787	1,968,150	2,211,242	2,135,314	1,433,306
Nonspendable	86,484	47,384	61,121	35,761	49,430
Total fund balances	16,156,142	12,936,362	14,778,047	15,193,744	12,770,664
Total liabilities, deferred inflows of resources and fund balances	$ 31,616,958	$ 26,231,951	$ 28,052,549	$ 26,224,782	$ 22,885,440

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

City of Provo, 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				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	$ 31,245,542	$ 30,862,577	$ 30,272,714	$ 29,383,721	$ 28,282,774
Charges for services	9,338,672	8,141,864	7,426,170	4,868,771	4,085,806
Intergovernmental	4,399,820	3,734,078	5,998,699	5,796,860	6,379,952
Licenses and permits	2,933,085	1,349,962	1,698,846	1,300,673	1,045,711
Miscellaneous	1,690,969	1,060,561	3,211,287	3,394,818	2,347,028
Fines and forfeitures	1,682,019	1,738,683	1,577,160	1,547,168	1,766,726
Overhead charges	1,503,588	1,614,257	–	–	–
Interest income	120,866	90,045	86,030	82,601	97,585
Lease income	87,600	18,865	12,000	–	–
Reimbursement	–	272,820	–	–	–
Loan principal repayments	–	–	40,940	16,017	15,264
Total revenues	53,002,161	48,883,712	50,323,846	46,390,629	44,020,846
Expenditures:					
Current:					
Public safety	27,007,098	26,575,986	25,321,873	24,541,081	23,178,853
General government	12,253,955	11,245,378	12,709,821	10,498,441	10,061,753
Culture and recreation	10,633,999	10,183,606	9,229,167	6,880,372	6,427,974
Public services	5,094,139	6,797,657	9,058,539	3,497,077	3,182,209
Community revitalization	3,180,830	3,072,027	2,975,005	2,891,781	2,809,649
Total current expenditures	58,170,021	57,874,654	59,294,405	48,308,752	45,660,438
Debt service:					
Rent/Lease	160,286	152,747	142,603	10,242	67,201
Interest	465	2,128	466	735	1,405
Principal on debt	–	–	–	–	112,358
Total debt service	160,751	154,875	143,069	10,977	180,964
Capital outlay	804,878	319,301	71,849	3,711,299	2,990,812
Total expenditures	59,135,650	58,348,830	59,509,323	52,031,028	48,832,214
Excess of revenues over (under) expenditures	(6,133,489)	(9,465,118)	(9,185,477)	(5,640,399)	(4,811,368)
Other financing sources (uses):					
Transfers from other funds	10,530,933	12,760,785	12,588,069	11,696,688	10,104,713
Proceeds from land sales	286,429	258,676	543,867	290,650	229,036
Transfers to other funds	(1,464,093)	(5,466,687)	(4,559,319)	(3,923,858)	(6,210,953)
Total other financing sources (uses)	9,353,269	7,552,774	8,572,617	8,063,480	4,122,796
Net changes in fund balances	3,219,780	(1,912,344)	(612,860)	2,423,081	(688,572)
Fund balance, beginning of year, as restated	12,936,362	14,848,706	15,390,907	12,770,662	13,459,234
Fund balance, end of year	$ 16,156,142	$ 12,936,362	$ 14,778,047	$ 15,193,743	$ 12,770,662

(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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Statistical Section" at the indicated pages as set forth below.

(i) "Net Position by Component Last Ten Fiscal Years" (CAFR page 98);

(ii) "Changes in Net Position Last Ten Fiscal Years" (CAFR page 99);

(iii) "Fund Balances of Governmental Funds Last Six Fiscal Years" (CAFR page 101); and

(iv) "Changes in Fund Balances of Governmental Funds Last Ten Years" (CAFR page 102).

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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
2017 (1)	$ 5,932,363,709	9.4	$ 8,802,119,423	9.3
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
2013	4,431,560,347	3.4	6,483,454,046	3.7

(1) Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.

(2) Taxable valuation includes redevelopment agency valuation but excludes semi‒conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation 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; for Calendar Year 2014 was approximately $237.6 million; and for Calendar Year 2013 was approximately $216.1 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 the Municipal Advisor.)

Historical Summaries Of Taxable Values Of Property

	Calendar Year					
	2017		2016	2015	2014	2013
Set by State Tax Commission	Taxable Value*	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
(centrally assessed):						
Total centrally assessed	$ 122,361,799	2.1 %	$ 108,327,688	$ 101,085,859	$ 82,966,058	$ 89,864,730
Set by County Assessor						
(locally assessed):						
Real property (land and buildings):						
Primary residential	3,502,805,273	59.0	3,204,058,986	2,968,062,999	2,758,252,954	2,503,487,552
Secondary residential	13,000,000	0.2	12,916,380	11,014,683	9,624,916	9,538,907
Commercial and industrial	1,800,000,000	30.3	1,606,790,048	1,561,406,108	1,483,182,261	1,403,530,060
FAA (greenbelt)	1,500,000	0.0	1,416,610	760,958	803,428	846,568
Unimproved non FAA (vacant)	150,000,000	2.5	148,562,658	140,839,738	130,421,354	132,054,010
Agricultural	2,000,000	0.0	1,921,300	1,837,000	1,322,782	1,273,682
Total real property	5,469,305,273	92.2	4,975,665,982	4,683,921,486	4,383,607,695	4,050,730,779
Personal property:						
Primary mobile homes	4,673,933	0.1	4,673,933	4,671,489	4,656,243	4,382,524
Secondary mobile homes	0	0.0	0	0	0	0
Other business	336,022,704	5.7	336,022,704	343,181,362	322,210,397	286,582,314
SCME (1)	0	0.0	0	0	0	0
Total personal property	340,696,637	5.7	340,696,637	347,852,851	326,866,640	290,964,838
Total locally assessed	5,810,001,910	97.9	5,316,362,619	5,031,774,337	4,710,474,335	4,341,695,617
Total taxable value	$ 5,932,363,709	100.0 %	$ 5,424,690,307	$ 5,132,860,196	$ 4,793,440,393	$ 4,431,560,347
Total taxable value (2)	$ 5,932,363,709		$ 5,424,690,307	$ 5,132,860,196	$ 4,793,440,393	$ 4,431,560,347

* Preliminary; subject to change.

(1) Semi-conductor manufacturing equipment ("SCME").

(2) Not including taxable valuation associated with SCME.

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

For a 10–year history of the City's assessed values and estimated actual values see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Statistical Section–Assessed Value and Estimated Actual Value of Taxable Property Last Ten Years" (CAFR page 104).

LEGAL MATTERS

Absence Of Litigation Concerning The 2017 Bonds; Pending Litigation

Absence of Litigation Concerning the 2017 Bonds. There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the 2017 Bonds.

On the date of the execution and delivery of the 2017 Bonds, certificates will be delivered by the City to the effect that to the knowledge of the City, there is no action, suit, proceeding or litigation pending or threatened against the City, which in any way materially questions or affects the validity or enforceability of the 2017 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the City.

A non–litigation opinion issued by Camille S. Williams, Assistant City Attorney, dated the date of closing, will be provided stating, among other things, that there is not pending, or to her knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the City, or the ability of the City, or their respective officers to authenticate, execute or deliver the 2017 Bonds or such other documents as may be required in connection with the issuance and sale of the 2017 Bonds, or to comply with or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2017 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2017 Bonds are issued, the legality of the purpose for which the 2017 Bonds are issued, or the validity of the 2017 Bonds or the issuance and sale thereof.

For a general discussion of litigation involving the City see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 10. Contingent Liabilities" (CAFR page 57).

Pending Litigation. The City, the Redevelopment Agency of Provo City Corporation (the "Agency"), and the County are parties to an Interlocal Cooperation Agreement (the "Agreement"), executed in 2009, under which the City and Agency agreed to provide adequate parking for the County Convention Center in downtown Provo. The City and Agency have provided parking for the Convention Center since it opened, and have been actively exploring options for building a parking garage which would serve Convention Center patrons and others in the downtown area. However, in November 2016, the County gave notice, for the first time, that the City's parking efforts were not acceptable. In May 2017, the County, filed a lawsuit in the 4th District Court (Civil No. 170400770) against the City and Agency, alleging violations of the Agreement. The County seeks $4,000,000 for permanent replacement parking plus attorney's fees and costs. Although the City and Agency believe the County's claims lack merit and are inconsistent with the parties' past course of dealing, the outcome of the litigation is yet to be determined.

General

Certain legal matters incident to the authorization, issuance and sale of the 2017 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. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the City by Chapman and Cutler LLP, Disclosure Counsel. The approving opinion of Bond Counsel will be delivered with the 2017 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 2017 Bonds and to the issuance of the legal opinion, in conventional form, relating solely to the validity of the 2017 Bonds pursuant to such authority and the excludability of interest on the 2017 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 about or any offer or sale of the 2017 Bonds in the OFFICIAL STATEMENT or otherwise.

The various legal opinions to be delivered concurrently with the delivery of the 2017 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 Income Taxation Of 2017 Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2017 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 2017 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 2017 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds.

Subject to the City’s compliance with the above–referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2017 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 and corporations, but interest on the 2017 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City’s knowledge and upon the mathematical computation of the yield on the 2017 Bonds and the yield on certain investments by Grant Thornton LLP. 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.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax–exempt interest, including interest on the 2017 Bonds.

Ownership of the 2017 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 2017 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2017 Bonds is the price at which a substantial amount of such maturity of the 2017 Bonds is first sold to the public. The Issue Price of a maturity of the 2017 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

The Issue Price of the 2017 Bonds maturing on February 15, 2029 (the "OID Bonds"), is less than the principal amount payable at maturity. The difference between the Issue Price of the OID Bonds and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the 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 2017 Bonds who dispose of 2017 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2017 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2017 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2017 Bond is purchased at any time for a price that is less than the 2017 Bond's stated redemption price at maturity or, in the case of an OID Bonds, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2017 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 2017 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2017 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2017 Bonds.

An investor may purchase a 2017 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 2017 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 2017 Bond. Investors who purchase a 2017 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2017 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2017 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 2017 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.

The 2017 Bonds are **not** "bank–qualified" tax–exempt obligations.

State Tax Exemption For The 2017 Bonds

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2017 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 2017 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 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

MISCELLANEOUS

Bond Rating

As of the date of this OFFICIAL STATEMENT, the 2017 Bonds have been rated "AA+" by S&P. An explanation of the above rating may be obtained from S&P. The City has not directly applied to Moody's or Fitch for a rating on the 2017 Bonds.

Such rating does not constitute a recommendation by the rating agencies to buy, sell or hold the 2017 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following address: 55 Water St, New York, NY 10004. 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 rating given to the 2017 Bonds will continue for any given period or that the rating 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 rating may have an adverse effect on the market price of the 2017 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Resolution and the Trustee has undertaken only those obligations and duties that are expressly set out in the Resolution. The Trustee has not independently passed upon the validity of the 2017 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2017 Bonds. The Trustee may resign or be removed or replaced as provided in the Resolution. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

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 2017 Bonds, timing of sale, taxable and tax–exempt bond market conditions, costs of issuance and other factors related to the sale of the 2017 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, 2016 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 THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016" (CAFR page 10). Hansen Bradshaw has not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2016 CAFR, any procedures on the financial statements addressed in the Fiscal Year 2016 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 OFFICIAL STATEMENT and its distribution and use have been duly authorized by the City.

City of Provo, Utah

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APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PROVO, UTAH FOR FISCAL YEAR 2016

The CAFR for Fiscal Year 2016 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 2017 must be completed under State law by December 31, 2017.

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 26th consecutive year, beginning with Fiscal Year 1991 through Fiscal Year 2016.

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, 2016

City of Provo, Utah

Comprehensive Annual Financial Report

City of Provo, Utah

For the Fiscal year Ended June 30, 2016

Prepared by the Provo City Finance Division

PROVO CITY CORPORATION
Comprehensive Annual Financial Report
Year Ended June 30, 2016

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Statistical Information (unaudited)

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

LETTER OF TRANSMITTAL

November 17, 2016

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, 2016.

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, 2016, 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 unqualified opinion that the City of Provo's financial statements for the fiscal year ended June 30, 2016, 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 special revenue funds 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 2016 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 3.6% and the national average was 4.9% at the end of the year. The City's General Fund total tax revenue of $31,245,542 increased by $382,965 or by 1.2 percent over the prior year. Property and vehicle taxes of $14,233,461 decreased by $1,798,196 or by 11.2 percent over the prior year. Franchise taxes of $9,048,377 increased by $79,716 or by .9 percent over the prior year. Sales tax revenue of $17,010,075 increased by $384,608 or 2.3 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 2016 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, 2016 are $66,641,190. Tax revenue made up 61.1 percent of the total governmental funds revenue. Tax revenue consists of property, vehicle, sales, and franchise taxes. Grant revenue accounts for an additional 8.8 percent of the total. The remaining 30.1 percent is composed of charges for services, licenses and permits, fines and forfeitures, investment earnings, loan repayments/write-offs, lease income, 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

In an effort to improve the City's financial position for the current and future years, the following adjustment has been made. 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

Provo Orem Transportation Improvement Project (BRT) is being completed in coordination with UTA and UDOT. This project will improve the access to and reliability of mass transit along some of the major traffic corridors to serve several of the large traffic generating locations in the city. Construction has begun on University Parkway from 800 East in Orem to University Avenue in Provo. This will add an additional travel lane in each direction and reconstruct the Provo River Parkway Trail crossing at University Parkway.

The City obtained financing and began the implementation for 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 implementation will take three years with the last system going live in January 2019.

SIGNIFICANT EVENTS

This past year the city purchased a new automated license plate reader system (LPR). The system is on one of the parking vehicles to assist with our downtown parking problems. The LPR system can complete a downtown run or assessment of parking violations in 15 minutes. The same process, which used to involve chalking tires and parking cadets on foot, took three cadets three hours to complete.

Economic Development

- 63 East, a new residential living space, consisting of 40 high-end units is now complete, occupancy continues to increase and word on the street is that it's a desirable place to live. The ground level commercial space is now open and operational – Good Thyme and Roll With It Creamery.
- Cowboy Partners, a Salt Lake City based multifamily residential developer has broken ground and is now under construction of a new 120 unit residential living/retail development on the corner of 300 West and Center Street. Completion is expected fall of 2016. This is the continuation of new residential dwelling units in the downtown area.
- Central Park Station, located on 400 West Between 500 and 600 South, is a new 59-unit development consisting of 4 one-bedroom units, 33 two-bedroom units, 16 three-bedroom units, and 6 four-bedroom units. The Transit-Oriented Development is being constructed by NeighborWorks.
- The Provo City Center Temple, the former LDS tabernacle, was open to the public in early January 2016 and ran for 9 weeks with an estimated 850,000 attendees at the open house. An average of 20 weddings take place each Friday and Saturday. This number of new and unique visitors in the downtown every weekend has made a significant difference to the restaurants.
- The Utah State Courts is now under construction for a new 250,000 square foot court facility in the downtown, a new flagship hotel property, two parking structures and a potential large box retail development. This will represent approximately 100 million in capital investment.
- Construction is well under way for on a new $450 Million expansion/remodel of the Utah Valley Regional Medical Center. There will be two new hospital towers, a large reflecting/ water feature with additional remodels of existing building space.
- 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 five tenants in the park, with two new buildings under construction or in the entitle process. This represents a significant capital investment and with several hundred future jobs.
- While Duncan Aviation has been a part of the Provo community and the Provo Municipal Airport since 2010, it was in 2015/16 that significant progress was made in bringing the project to fruition. Both Provo City and the Utah Governor's Office of Economic Development Incentives Board made commitments to fund and facilitate the necessary incentives to provide Duncan with the utilities and infrastructure necessary to bring the project to Utah and specifically Provo. This will be a 73 million dollar project with over 350,000 square of building space with 450 new jobs at the Provo Airport.

Energy

- Celebrated 75 years of public power in Provo with social media and culminating in a banquet with city officials and current/retired employees.
- Completed design and acquired financing for new Energy Department facility. Groundbreaking and construction began in the fall with a completion set for October 2016.
- Completed the overhead to underground primary 600 amp 12 kV conversion from 800 N to

1000 N on 250 W. This enabled the Hospital to be fed underground and accommodate the IHC Hospital expansion.

- An Automated Meter Infrastructure (AMI) contract was signed with Eaton Cooper. The pilot project started with installations of antennas, software, meters, and fiber backhaul. With the exception of a billing download file, all systems are working as engineered.

Public Works

In the fall of 2016 Public Works will complete construction of a new fleet facility. When complete this project will result in 12 new vehicle repair bays and new offices for the Fleet and Sanitation sections. The project also includes a new covered parking structure for sanitation collection vehicles, including a wash bay and storage.

Culinary water

- Big Springs development and transmission pipeline is near completion and should be ready for use in the culinary system in the spring 2017.
- Lion’s Park Well is developed and construction is being completed on the building housing the pump equipment.
- Major transmission lines were completed to connect two new water storage reservoirs that will be completed in 2017.

Waste water

- Ultra Violet disinfection project has been substantially completed and this technology is currently being used to disinfect water at the reclamation facility.
- Headworks Building project upgrade has been completed.

Airport

- Complete Rehabilitation of the Main Runway
- Strengthening of the Center Ramp near the terminal

Storm Water

- North Sherwood Hills Storm Drain (Foothill Dr, Windsor Dr and Hillside Dr)
- South Central Storm Drain (400 West, 6th S – 5th S; 500 South, 4th W – 6th W)
- 1500 West Storm Drain (1050 N – 1460 N)
- Canyon Road Storm Drain (University Pkwy – Stadium Ave)

Streets/Engineering

- Construction of a new Salt Storage Building was completed, allowing for the salt used for snow removal to be covered year-round.
- Canyon Road reconstruction was completed in the summer of 2016 which included curb, gutter, sidewalk replacement and asphalt pavement from University Parkway to 2230 North.
- Street Overlay Projects completed during the year included overlays and surface treatments, as well as striping for additional bicycle lanes on the following major streets:
- 500 West – 300 South to 1820 South
- 1860 South – State Street to Novell Drive
- 2000 North – Geneva Road to Provo City Limits
- Towne Center Boulevard – University Avenue to 500 West
- 900 West – Center Street to 500 North
- Indian Hills Drive – Canyon Road to Mojave
- Carterville Road -1720 North to Provo City Limits
- Lakeshore Drive – Center Street to Boat Harbor Drive
- Other local streets
- The Lakeview Parkway and Trail Project is nearing completion and will provide a direct connection from I-15 to the Provo Airport. This section of the Lakeview Parkway and Trail will open October 2016. The funding for this project has been a combination of federal,

state and local funds.

- Lakeview Parkway and Trail project has been designed in three phases. Property acquisition has been ongoing for phases two and three of the project. These phases are from Mike Jense Parkway to the north city boundary. Construction on phase one of the project, which runs from the Provo Airport north to Center Street is anticipated to begin in the spring of 2017 with subgrade material being placed along the alignment.
- Sidewalk Replacement project included placement and installation of 10,500 lineal feet of sidewalk throughout the City. This project is used to evaluate and replace deteriorating sidewalk in the City each year.
- 400 West project included the removal and replacement of curb, gutter and sidewalk from Center Street to 100 North. The curb and gutter was reconfigured to include space for angle parking to increase the number of parking stalls on the street. Brick pavers, street lighting and trees were also included in the planters for the project.

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, 2015. 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,

John D. Borget
Director of Administrative Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Provo City Corporation

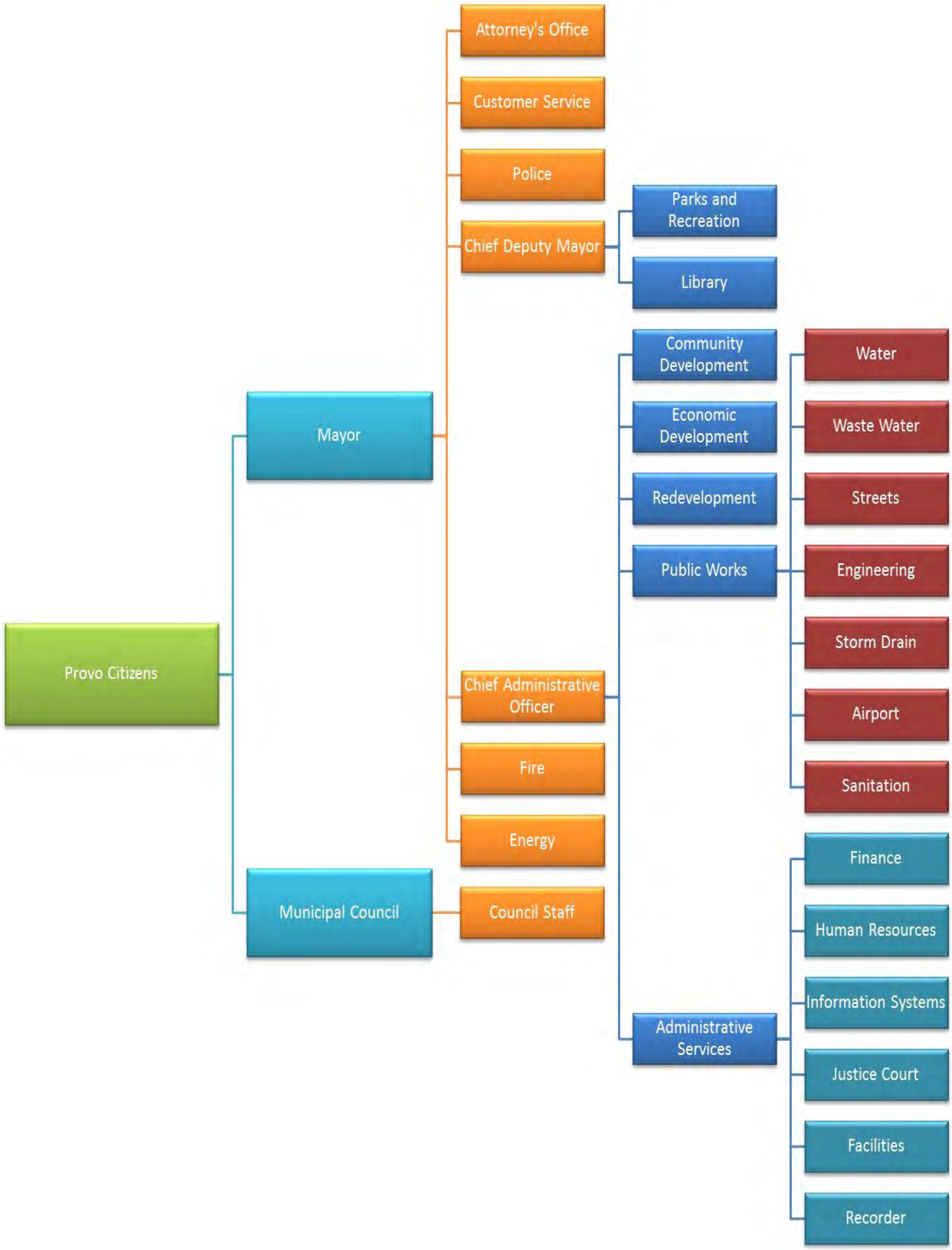
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Organizational Chart



Elected and Staff Positions

(Left to right) Gary Winterton, David Sewell (Vice– Chair), Kay Van Buren, David Knecht, George Stewart, Kim Santiago (Chair), David Harding

City Administration

Mayor—John Curtis

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—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

Council Members

Gary Winterton
District 1
Present Term: 2016-2020

Kim Santiago (Chair)
District 2
Present Term: 2014-2018

David Knecht
District 3
Present Term: 2016-2020

Kay Van Buren
District 4
Present Term: 2016-2020

David Harding
District 5
Present Term: 2014-2018

Dave Sewell (Vice Chair)
City-Wide District I
Present Term: 2014-2018

George Stewart
City Wide District II
Present Term: 2016-2020

Mayor John Curtis

Present Term: 2014-2018

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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Bountiful, Utah 84010
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Michael L. Smith, CPA
Jason L. Tanner, CPA
Robert D. Wood, CPA

Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, 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, 2016, 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, 2016, 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 12-20 and pension schedules on pages 77-79 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 17, 2016 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 17, 2016

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, 2016. 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 $25,411,846. The governmental net position increased by $8,102,474 and the business-type net position increased by $17,309,372.

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 $593,722,001. Of this amount; $78,095,635 (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 $59,698,521, an increase of $5,425,648 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, account and note receivables and due from other funds. Other Governmental Funds increased as a result of increases in cash, accounts receivable and loans receivable.

The General Fund (the primary operating fund), also reflected on a current financial resource basis, reported an increase of $3,219,780 in fund balance. This change is primarily due to an increase in license and permit revenues.

At the end of the current fiscal year, unassigned fund balance for the general fund was $11,170,908 (or approx. 23.4 percent) of 2016 general fund final budgeted revenue.

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. 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 33-76 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 80-96 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 (75.5 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	
	2016	2015	2016	2015	2016	2015
Current assets	$ 89,442,195	$ 78,034,043	$ 79,294,898	$ 97,112,772	$ 168,737,093	$ 175,146,815
Capital assets	343,430,242	344,576,847	231,483,643	200,756,140	574,913,885	545,332,987
Other assets	22,186,841	23,247,419	7,682,323	7,063,572	29,869,164	30,310,991
Total assets	455,059,278	445,858,309	318,460,864	304,932,484	773,520,142	750,790,793
Deferred outflows of resources	10,345,922	3,108,755	2,083,187	626,090	12,429,109	3,734,845
Current liabilities	19,650,961	17,262,905	15,363,620	16,367,489	35,014,581	33,630,394
Long-term liabilities	92,111,412	85,494,914	50,487,404	51,801,049	142,598,816	137,295,963
Total liabilities	111,762,373	102,757,819	65,851,024	68,168,538	177,613,397	170,926,357
Deferred inflows of resources	13,974,709	13,839,424	639,144	645,525	14,613,853	14,484,949
Net position:						
Net investment in						
Capital assets:	297,887,366	302,153,434	206,937,602	195,162,694	504,824,968	497,316,128
Restricted	9,011,521	9,152,175	1,789,877	1,553,767	10,801,398	10,705,942
Unrestricted	32,769,231	21,064,212	45,326,404	40,028,050	78,095,635	61,092,262
Total net position	$ 339,668,118	$ 332,369,821	$ 254,053,883	$ 236,744,511	$ 593,722,001	$ 569,114,332

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.

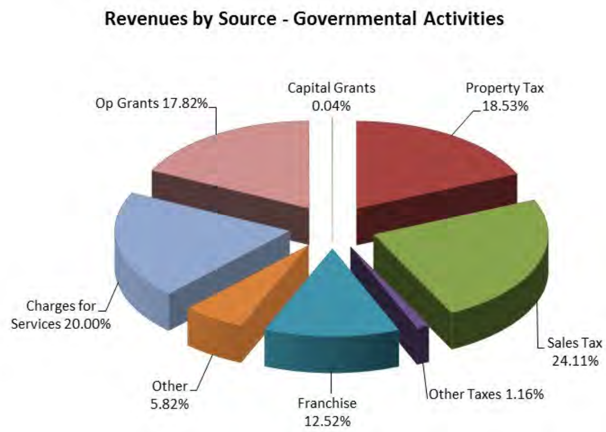
Changes in Net Position

Governmental Activities
As shown below in Table 2 – Changes in Net Position governmental activities increased the City's net position by $8,102,475.

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 capital outlays exceeded depreciation in fiscal year 2016 is $1,590,262. The beginning balance of the 2015 net position has been restated to reflect the implementation of GASB 68 – Accounting and Financial Reporting for Pensions.

Table 2 – Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Revenues	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	$ 14,457,378	$ 12,568,976	$ 101,826,342	$ 93,864,084	$ 116,283,720	$ 106,433,060
Operating grants and contributions	12,882,537	13,385,474	2,083,072	3,131,992	14,965,609	16,517,466
Capital grants and contributions	29,838	70,635	5,428,944	8,724,479	5,458,782	8,795,114
General revenues:						
Property taxes	13,392,417	15,073,906	-	-	13,392,417	15,073,906
Other taxes	27,317,207	26,932,301	-	-	27,317,207	26,932,301
Other	4,208,422	2,370,958	3,994,868	2,446,074	8,203,290	4,817,032
Total revenues	72,287,799	70,402,250	113,333,226	108,166,629	185,621,025	178,568,879
Expenses:						
General government	15,094,178	10,446,120			15,094,178	10,446,120
Public safety	29,556,038	29,587,970			29,556,038	29,587,970
Public services	4,333,204	5,433,480			4,333,204	5,433,480
Community revitalization	10,815,047	3,806,559			10,815,047	3,806,559
Culture and recreation	16,249,311	20,294,364			16,249,311	20,294,364
Interest on long-term debt	3,253,889	3,405,381			3,253,889	3,405,381
Golf course			1,141,607	1,019,338	1,141,607	1,019,338
Water			7,973,382	7,904,688	7,973,382	7,904,688
Waste water			5,310,180	5,287,897	5,310,180	5,287,897
Energy			57,763,462	58,138,440	57,763,462	58,138,440
Airport			1,906,741	1,839,029	1,906,741	1,839,029
Utility Transportation			1,946,733	-	1,946,733	
Sanitation			2,341,642	4,498,128	2,341,642	4,498,128
Storm drain			2,523,765	2,651,205	2,523,765	2,651,205
Total expenses	79,301,667	72,973,874	80,907,512	81,338,725	160,209,179	154,312,599
Increase in net position before transfers	(7,013,868)	(2,571,624)	32,425,714	26,827,904	25,411,846	24,256,280
Transfers	15,116,342	13,176,393	(15,116,342)	(13,176,393)	-	-
Change in net position	8,102,474	10,604,769	17,309,372	13,651,511	25,411,846	24,256,280
Net position beginning						
As originally stated	332,369,820	340,709,041	236,744,511	226,908,467	569,114,331	567,617,508
Restatement of net position	(804,176)	(18,943,989)	-	(3,815,467)	(804,176)	(22,759,456)
Net position beginning	331,565,644	321,765,052	236,744,511	223,093,000	568,310,155	544,858,052
Net position ending	$ 339,668,118	$ 332,369,821	$ 254,053,883	$ 236,744,511	$ 593,722,001	$ 569,114,332



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, 24.11 percent of the City's revenues from governmental activities were derived from sales and use tax.

Another 18.53 percent of the City's revenue was derived from property taxes.

From the prior fiscal year, the revenue from sales, property and other taxes decreased $1,296,583 or 3.09 percent. The decrease is the result of lower property tax and vehicle tax revenue.

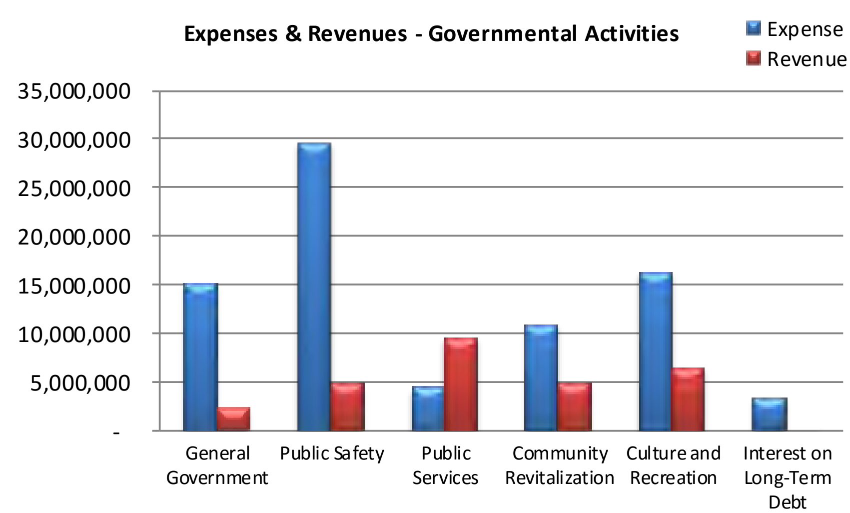
The General Government category includes expenses for the following departments; Municipal Council, Mayor's Office, Community Development, Economic Development, Administrative Services, Legal and Non-departmental.

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 $51,931,914. Public Safety, which includes fire and police, reports program expenses of $29,556,038; while program revenues were $4,712,700. The result is a net cost of services for Public Safety totaling $24,843,338.

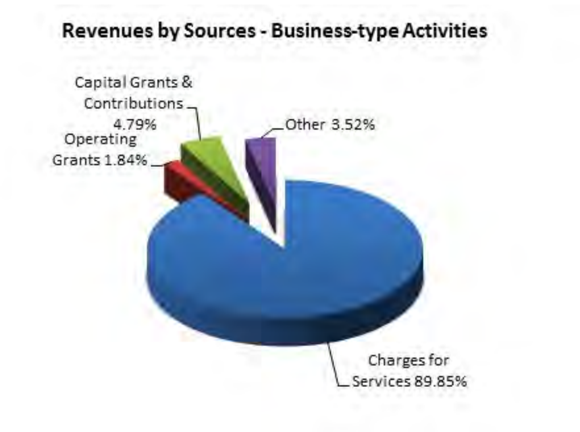
The net amount of revenue and expenses from Public Safety is 47.8 percent of the total net cost of services provided by the City for governmental activities.

Transfers between the governmental activities from the business-type activities totaled $15,116,342.



Business-type Activities

Business-type activities increased the City's net position by $17,309,372. The primary elements of this change are as follows.



For the business-type activities, program and general revenues were $32,425,714 greater than expenses (before transfers) and transfers of $15,116,342 resulted in the net increase of $17,309,372.

For business-type activities, 89.85 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 $59,698,521; an increase of $5,425,648 from the prior year. The General Fund's portion of the total fund balance is $16,156,142; an increase of $3,219,780, of which $11,170,908 is unassigned. Other governmental funds comprise the remainder of the total fund balance in the amount of $43,542,379; an increase of $2,205,868, 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 23 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 28 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 Energy Department generates 67 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, 2016 and 2015 amounts to $545,332,987 and $532,352,605, 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.

Table 3 – Capital Assets

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 169,476,969	$ 169,738,371	$ 42,697,635	$ 41,078,019	$ 212,174,604	$ 210,816,390
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	12,288,219	12,506,450	8,940,341	9,504,166	21,228,560	22,010,616
Library collection	902,537	870,968			902,537	870,968
Buildings	64,269,557	66,711,313	21,524,342	22,358,736	85,793,899	89,070,049
Land improvements	12,164,546	9,901,979	22,558,808	15,086,816	34,723,354	24,988,795
Infrastructure	71,466,184	72,752,552	100,558,468	96,220,489	172,024,652	168,973,041
Construction in progress	12,661,247	11,894,231	32,783,122	14,086,987	45,444,369	25,981,218
Total	$ 343,430,242	$ 344,576,847	$ 231,483,643	$ 200,756,140	$ 574,913,885	$ 545,332,987

The total increase in the City's investment in capital assets for the current fiscal year was $29,580,898 (net of accumulated depreciation). The capital assets in governmental activities decreased $1,056,357 (net of accumulated depreciation). The capital assets in business-type activities increased $30,727,503 (net of accumulated depreciation). The decrease in total assets in governmental activities is primarily the result of additional depreciation of existing assets since no significant asset additions or deletions occurred during the fiscal year. The increase in business-type activities is primarily the result of construction in progress including the new Energy building, water tanks and waste water system improvements.

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 2016 fiscal year, the City had long-term debt (Table 4) totaling $124,177,382. The bonded debt outstanding was $110,304,332. Of this amount, $36,554,876 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 $73,749,456, represents bonds secured solely by specified revenue sources, i.e., revenue bonds.

Long-term debt also includes capital leases in the amount of $5,500,000; accrued compensated absences of $7,827,857 of accrued compensated absences; and net OPEB payable of $545,193.

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 $205,313,328, which is significantly in excess of the City's outstanding general obligation debt of $36,554,876, leaving a legal debt margin of

$168,758,452. (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

	Totals	
Governmental:	2016	2015
General Obligation Bonds	$ 36,554,876	$ 38,212,933
Revenue Bonds	27,737,685	29,764,653
Notes Payable	0	42,980
Capital Leases	5,500,000	462,500
Accrued Compensated Absences	5,962,383	5,753,439
Net OPEB Payable	416,705	415,313
Total governmental	76,171,649	74,651,818
Business-type		
Revenue Bonds	46,011,771	48,300,673
Accrued Compensated Absences	1,865,474	1,804,480
Net OPEB Payable	128,488	128,025
Total Business-type	48,005,733	50,233,178
Total	$ 124,177,382	$ 124,884,996

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:

Downtown Improvements	$168,940
Temple Open House	256,628
Purchase of Property at Rock Canyon Trailhead	120,000
City Center Roof Repair	150,000
Recreation Center Improvements	307,500
Total	$1,003,068

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

When preparing the City's budget for the 2016 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, 2016. 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 2016-2017 fiscal year. As of the date of this report, the fiscal 2017 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, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash	$ 29,020,347	$ 50,779,917	$ 79,800,264
Restricted cash	29,514,558	22,650,360	52,164,918
Accounts receivable	21,463,475	13,385,868	34,849,343
Inventory	226,616	1,695,952	1,922,568
Internal balances	9,217,199	(9,217,199)	-
Total Current Assets	89,442,195	79,294,898	168,737,093
Noncurrent Assets:			
Capital Assets:			
Non Depreciable	182,339,199	77,901,684	260,240,883
Depreciable assets (net of depreciation)	161,091,043	153,581,959	314,673,002
Total Capital Assets	343,430,242	231,483,643	574,913,885
Other Assets:			
Notes and loans receivable	16,109,001	-	16,109,001
Investment in joint ventures	6,046,177	7,679,895	13,726,072
Net pension asset	19,827	2,428	22,255
Other	11,836	-	11,836
Total Other Assets	22,186,841	7,682,323	29,869,164
Total Noncurrent Assets	365,617,083	239,165,966	604,783,049
Total Assets	455,059,278	318,460,864	773,520,142
Deferred Outflows of Resources			
Deferred outflows related to pensions	10,345,922	2,083,187	12,429,109
Total Deferred Inflows of Resources	10,345,922	2,083,187	12,429,109
Liabilities and Net Assets			
Liabilities:			
Current Liabilities:			
Accounts payable	2,954,400	5,435,044	8,389,444
Accrued liabilities	3,944,515	5,527,780	9,472,295
Accrued interest payable	1,319,273	591,075	1,910,348
Customer deposits	5,211,223	1,270,079	6,481,302
Accrued compensated absences	1,788,715	559,642	2,348,357
Bonds, loans and leases payable	4,432,835	1,980,000	6,412,835
Total Current Liabilities	19,650,961	15,363,620	35,014,581
Long-term Liabilities:			
Accrued compensated absences	4,173,668	1,305,832	5,479,500
Unearned revenue	-	559,459	559,459
Net OPEB payable	416,705	128,488	545,193
Net pension liability	22,161,313	4,461,854	26,623,167
Lease payable	4,753,165	-	4,753,165
Bonds payable	60,606,561	44,031,771	104,638,332
Total Long-term Liabilities	92,111,412	50,487,404	142,598,816
Total Liabilities	111,762,373	65,851,024	177,613,397
Deferred Inflows of Resources			
Deferred property tax revenue	10,800,161	-	10,800,161
Deferred inflows related to pensions	3,174,548	639,144	3,813,692
Total Deferred Inflows of Resources	13,974,709	639,144	14,613,853
Net Position			
Net investment in capital assets	297,887,366	206,937,602	504,824,968
Restricted for:			
Debt service	1,870,233	684,270	2,554,503
Capital projects	7,141,288	1,105,607	8,246,895
Unrestricted	32,769,231	45,326,404	78,095,635
Total Net Position	$ 339,668,118	$ 254,053,883	$ 593,722,001

PROVO CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 15,094,178	$ 2,174,918	$ -	$ -	$ (12,919,260)	$ -	$ (12,919,260)
Public safety	29,556,038	1,948,547	2,734,315	29,838	(24,843,338)	-	(24,843,338)
Public services	4,333,204	817,255	8,595,377	-	5,079,428	-	5,079,428
Culture and recreation	16,249,311	5,694,551	687,421	-	(9,867,339)	-	(9,867,339)
Community revitalization	10,815,047	3,822,107	865,424	-	(6,127,516)	-	(6,127,516)
Interest on long-term debt	3,253,889	-	-	-	(3,253,889)	-	(3,253,889)
Total govermental activities	79,301,667	14,457,378	12,882,537	29,838	(51,931,914)	-	(51,931,914)
Business-type activites:							
Golf course	1,141,607	809,593	3,693	-	-	(328,321)	(328,321)
Water	7,973,382	11,261,939	274,830	1,958,077	-	5,521,464	5,521,464
Waste water	5,310,180	8,094,637	12,593	1,163,177	-	3,960,227	3,960,227
Energy	57,763,462	71,028,670	1,381,041	980,188	-	15,626,437	15,626,437
Airport	1,906,741	395,915	-	900,377	-	(610,449)	(610,449)
Utility transportation	1,946,733	2,406,091	-			459,358	459,358
Sanitation	2,341,642	4,525,973	-	-	-	2,184,331	2,184,331
Storm drain	2,523,765	3,699,439	-	427,125	-	1,602,799	1,602,799
Total business-type activities	80,907,512	102,222,257	1,672,157	5,428,944	-	28,415,846	28,415,846
Total primary government	$ 160,209,179	$ 116,679,635	$ 14,554,694	$ 5,458,782	(51,931,914)	28,415,846	(23,516,068)
General revenues:							
Taxes:							
Property					13,392,417	-	13,392,417
Vehicle					841,044	-	841,044
Sales					17,427,786	-	17,427,786
Franchise					9,048,377	-	9,048,377
Investment earnings					303,020	671,981	975,001
Gain on sale of capital assets					1,687,243	-	1,687,243
Miscellaneous					2,218,159	3,337,887	5,556,046
Transfers					15,116,342	(15,116,342)	-
Total general revenues and transfers					60,034,388	(11,106,474)	48,927,914
Change in net position					8,102,474	17,309,372	25,411,846
Net position-beginning (as restated)					331,565,644	236,744,511	568,310,155
Net position-ending					$ 339,668,118	$ 254,053,883	$ 593,722,001

PROVO CITY CORPORATION
Balance Sheet – Governmental Funds
June 30, 2016

	Governmental Fund Types		
	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash	$ 10,123,332	$ 8,923,556	$ 19,046,888
Restricted cash	8,021,932	21,492,626	29,514,558
Accounts receivable	10,069,280	11,374,631	21,443,911
Inventory	74,648	-	74,648
Loans receivable	-	14,639,889	14,639,889
Note receivable	2,186,580	-	2,186,580
Other	11,836	-	11,836
Due from other funds	1,129,350	28,931	1,158,281
Total assets	$ 31,616,958	$ 56,459,633	$ 88,076,591
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities			
Accounts payable	$ 844,224	$ 1,236,155	$ 2,080,379
Accrued liabilities	1,530,752	83,269	1,614,021
Customer deposits	5,211,223	-	5,211,223
Due to other funds	884,580	1,129,350	2,013,930
Total liabilities	8,470,779	2,448,774	10,919,553
Deferred Inflows of Resources			
Deferred property tax revenue	4,409,462	6,390,699	10,800,161
Deferred unavailable revenue	1,526,646	4,077,781	5,604,427
Deferred revenue-loans receivable	1,053,929	-	1,053,929
Total Deferred Inflows of Resources	6,990,037	10,468,480	17,458,517
Fund balances			
Nonspendable	86,484	14,639,889	14,726,373
Restricted	2,896,963	19,145,615	22,042,578
Assigned	2,001,787	9,756,875	11,758,662
Unassigned	11,170,908	-	11,170,908
Total fund balances	16,156,142	43,542,379	59,698,521
Total liabilities, deferred inflows of resources and fund balances	$ 31,616,958	$ 56,459,633	$ 88,076,591

PROVO CITY CORPORATION
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
June 30, 2016

Total fund balance	$59,698,521
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.	332,344,080
An allowance for doubtful accounts is recorded on the entity-wide statements and not reported on the fund statements.	(867,467)
Notes and other receivables recorded on the entity-wide statements and not reported on the fund statements.	169,564
Net pension assets and liabilities are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	(14,385,450)
Accrued interest is recorded in the entity-wide statements but not reported in the fund statements.	(1,319,273)
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.	19,635,606
The governmental funds cumulative allocation of the internal service funds net loss based on use of service are included in the entitywide statements.	13,599,303
Deferred revenue was reported in the funds to offset certain loan receivables. In the governmental activites, no expense or revenue is recorded when a loan is made or paid off leaving no deferred revenue liability associated with the loan receivable.	6,658,355
Accrued compensated absences are not due and payable in the current period and are not reported in the funds.	(5,687,175)
Net OPEB reported in the governmental activities and not in the fund statements.	(385,385)
Long-term liabilities, including bonds payable are not due and payable in the current period and are not reported in the funds.	(69,792,561)
Net position of governmental activities	$339,668,118

PROVO CITY CORPORATION
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2016

	Governmental Fund Types		
	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 31,245,542	$ 9,464,082	$ 40,709,624
Licenses and permits	2,933,085	-	2,933,085
Intergovernmental	4,399,820	1,481,950	5,881,770
Charges for services	9,338,672	698,828	10,037,500
Fines and forfeitures	1,682,019	-	1,682,019
Overhead charges	1,503,588	-	1,503,588
Impact fees	-	886,530	886,530
Interest income	120,866	164,383	285,249
Loan interest repayments	-	22,162	22,162
Lease income	87,600	-	87,600
Miscellaneous	1,690,969	921,094	2,612,063
Total revenues	53,002,161	13,639,029	66,641,190
Expenditures:			
Current:			
General government	12,253,955	-	12,253,955
Public safety	27,007,098	-	27,007,098
Public services	5,094,139	-	5,094,139
Culture and recreation	10,633,999	4,404,843	15,038,842
Community revitalization	3,180,830	11,739,364	14,920,194
Total current expenditures	58,170,021	16,144,207	74,314,228
Debt service:			
Interest	465	4,094,020	4,094,485
Rent/Lease	160,286	113,578	273,864
Principal on debt	-	2,691,361	2,691,361
Interest - interfund	-	22,068	22,068
Service fees on debt	-	11,250	11,250
Total debt service	160,751	6,932,277	7,093,028
Capital outlay:			
Capital outlay	804,878	82,491	887,369
Total expenditures	59,135,650	23,158,975	82,294,625
Excess (deficiency) of revenues over (under) expenditures	(6,133,489)	(9,519,946)	(15,653,435)
Other financing sources (uses):			
Transfers from other funds	10,530,933	7,074,466	17,605,399
Transfers to other funds	(1,464,093)	(1,337,167)	(2,801,260)
Debt issuance	-	5,500,000	5,500,000
Proceeds from sale of assets	286,429	488,515	774,944
Total other financing sources (uses)	9,353,269	11,725,814	21,079,083
Net change in fund balances	3,219,780	2,205,868	5,425,648
Fund balance at beginning of year (as restated)	12,936,362	41,336,511	54,272,873
Fund balance at end of year	$ 16,156,142	$ 43,542,379	$ 59,698,521

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, 2016

Net change in fund balances--total governmental funds	$ 5,425,648
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 capital outlays exceeded depreciation in the current period.	1,590,262
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.	(461,801)
Revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements.	5,138,846
OPEB recorded in governmental activities and not in the fund statements.	(1,284)
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.	(1,683,406)
The governmental funds allocation of the internal service funds net loss is based on use of service included in the entity-wide statements.	(85,532)
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.	(1,820,259)
Change in net position of governmental activities	$ 8,102,474

PROVO CITY CORPORATION
Budgetary Comparison Statement – General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	$ 30,153,159	$ 30,153,159	$ 31,245,542	$ 1,092,383
Licenses and permits	1,555,713	1,555,713	2,933,085	1,377,372
Intergovernmental	6,494,028	6,494,028	4,399,820	(2,094,208)
Charges for services	5,993,828	5,993,828	9,338,672	3,344,844
Overhead charges	-	-	1,503,588	1,503,588
Fines and forfeitures	1,832,000	1,832,000	1,682,019	(149,981)
Impact fees	200,000	200,000	-	(200,000)
Interest income	91,033	91,033	120,866	29,833
Lease income	-	-	87,600	87,600
Miscellaneous	2,896,182	2,896,182	1,690,969	(1,205,213)
Total revenues	49,215,943	49,215,943	53,002,161	3,786,218
Expenditures:				
Current:				
Mayor's Office	1,159,005	1,493,710	1,490,130	3,580
Municipal Council	952,972	990,849	963,437	27,412
Personnel	923,573	961,073	949,261	11,812
Finance	1,278,086	1,223,710	1,223,853	(143)
Justice Court	1,330,493	1,330,493	1,311,749	18,744
Legal	1,429,700	1,429,700	1,395,680	34,020
Community Development	2,323,875	2,310,585	2,302,984	7,601
Economic Development	762,243	870,266	877,846	(7,580)
Information Systems	2,536,247	2,581,849	2,564,388	17,461
Nondepartmental	2,504,264	2,654,264	2,355,457	298,807
Police	17,375,095	18,474,994	17,526,431	948,563
Fire	9,371,501	9,734,331	9,480,667	253,664
Streets	2,037,308	2,037,308	1,991,841	45,467
Engineering	3,103,914	3,122,305	3,102,298	20,007
Parks & Recreation	10,225,039	10,432,851	10,633,999	(201,148)
Total current expenditures	57,313,315	59,648,288	58,170,021	1,478,267
Debt service:				
Interest expense	-	-	465	(465)
Rent/Lease	157,497	157,497	160,286	(2,789)
Total debt service	157,497	157,497	160,751	(3,254)
Capital outlay:				
Capital outlay	-	-	804,878	(804,878)
Total expenditures	57,470,812	59,805,785	59,135,650	670,135
Excess (deficiency) of revenues over (under) expenditures	(8,254,869)	(10,589,842)	(6,133,489)	4,456,353
Other financing sources (uses):				
Transfers from other funds	13,680,956	13,680,956	10,530,933	(3,150,023)
Transfers to other funds	(4,396,016)	(4,396,016)	(1,464,093)	2,931,923
Proceeds from land sales	383,429	383,429	286,429	(97,000)
Total other financing sources (uses)	9,668,369	9,668,369	9,353,269	(315,100)
Net change in fund balance	$ 1,413,500	$ (921,473)	3,219,780	$ 4,141,253
Fund balance at beginning of year			12,936,362	
Fund balance at end of year			$ 16,156,142	

PROVO CITY CORPORATION
Statement of Position – Proprietary Funds
June 30, 2016

	Business-type Activities-Enterprise Funds									Governmental Activities
	Golf Course	Water	Waste-Water	Energy	Airport	Utility Transportation	Sanitation	Storm Drain	Total	Internal Service Funds
Assets										
Current Assets:										
Cash	$ 272,633	$ 3,977,166	$ 6,792,382	$ 32,784,964	$ 692,307	$ 2,935,798	$ 1,573,814	$ 1,750,853	$ 50,779,917	$ 9,973,459
Restricted cash	-	4,981,866	6,926,606	10,662,865	-	-	-	79,023	22,650,360	-
Accounts receivable	-	2,096,917	900,673	9,345,648	21,967	134,885	500,228	385,550	13,385,868	-
Inventory	-	899,556	-	796,396	-	-	-	-	1,695,952	151,968
Total Current Assets	272,633	11,955,505	14,619,661	53,589,873	714,274	3,070,683	2,074,042	2,215,426	88,512,097	10,125,427
Noncurrent Assets:										
Capital Assets:										
Non Depreciable	25,101,929	21,581,004	6,934,800	15,518,157	7,848,491	-	373,424	543,879	77,901,684	31,166
Depreciable assets	1,862,141	39,094,329	21,440,389	49,885,972	24,605,720	-	15,590	16,677,818	153,581,959	11,054,996
Net Capital Assets	26,964,070	60,675,333	28,375,189	65,404,129	32,454,211	-	389,014	17,221,697	231,483,643	11,086,162
Due from other funds	-	-	-	300,093	-	-	-	-	300,093	3,000,137
Net pension asset	66	509	267	1,239	76	-	135	136	2,428	470
Equity in Joint Venture	-	-	-	-	-	-	7,679,895	-	7,679,895	-
Total Noncurrent Assets	26,964,136	60,675,842	28,375,456	65,705,461	32,454,287	-	8,069,044	17,221,833	239,466,059	14,086,769
Total Assets	27,236,769	72,631,347	42,995,117	119,295,334	33,168,561	3,070,683	10,143,086	19,437,259	327,978,156	24,212,196
Deferred outflows of resources										
Deferred outflows related to pensions	57,417	437,694	229,749	1,063,274	65,365	-	114,834	114,854	2,083,187	403,915
Total deferred ouflows of resources	57,417	437,694	229,749	1,063,274	65,365	-	114,834	114,854	2,083,187	403,915

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

PROVO CITY CORPORATION
Statement of Position – Proprietary Funds (Continued)
June 30, 2016

	Business-type Activities-Enterprise Funds									Governmental Activities
	Golf Course	Water	Waste-Water	Energy	Airport	Utility Transportation	Sanitation	Storm Drain	Total	Internal Service Funds
Liabilities & Net Position										
Liabilities:										
Accounts payable	38,203	2,064,255	394,754	2,644,045	34,767	435	133,064	125,521	5,435,044	865,830
Accrued liabilities	24,711	94,407	73,200	5,242,094	9,387	-	44,775	39,206	5,527,780	2,330,494
Customer deposits	-	177,284	43,284	1,048,251	1,260	-	-	-	1,270,079	-
Accrued interest payable	-	170,270	141,900	261,213	-	-	-	17,692	591,075	-
Accrued compensated absences	7,957	116,435	73,519	252,948	24,443	-	35,671	48,669	559,642	82,562
Bonds, leases and loans payable	-	375,000	310,000	720,000	-	-	-	575,000	1,980,000	-
Total Current Liabilities	70,871	2,997,651	1,036,657	10,168,551	69,857	435	213,510	806,088	15,363,620	3,278,886
Long-term Liabilities										
Due to other funds	64,917	298,015	233,644	643,602	-	-	637,690	244,505	2,122,373	322,208
Accrued compensated absences	18,567	271,682	171,545	590,212	57,033	-	83,232	113,561	1,305,832	192,646
Unearned revenue	-	-	-	-	-	559,459	-	-	559,459	-
Net OPEB payable	2,341	28,208	19,604	60,301	2,359	-	8,628	7,047	128,488	31,320
Net pension liability	122,979	937,470	492,082	2,277,361	140,000	-	245,960	246,002	4,461,854	865,122
Bonds payable	-	11,275,048	9,403,055	18,788,262	-	-	-	4,565,406	44,031,771	-
Total Long-term Liabilities	208,804	12,810,423	10,319,930	22,359,738	199,392	559,459	975,510	5,176,521	52,609,777	1,411,296
Total Liabilities	279,675	15,808,074	11,356,587	32,528,289	269,249	559,894	1,189,020	5,982,609	67,973,397	4,690,182
Deferred inflows of resources										
Deferred inflows related to pensions	17,616	134,289	70,490	326,224	20,055	-	35,232	35,238	639,144	123,925
Total deferred infllows of resources	17,616	134,289	70,490	326,224	20,055	-	35,232	35,238	639,144	123,925
Net Position										
Net investment in capital assets	26,964,070	54,007,151	24,483,133	56,558,732	32,454,211	-	389,014	12,081,291	206,937,602	11,086,162
Restricted for:										
Capital projects	-	-	1,105,607	-	-	-	-	-	1,105,607	-
Debt service	-	330,696	274,551	-	-	-	-	79,023	684,270	-
Unrestricted	32,825	2,788,831	5,934,498	30,945,363	490,411	2,510,789	8,644,654	1,373,952	52,721,323	8,715,842
Total Net Position	$ 26,996,895	$ 57,126,678	$ 31,797,789	$ 87,504,095	$ 32,944,622	$ 2,510,789	$ 9,033,668	$ 13,534,266	$ 261,448,802	$ 19,802,004

Net position (proprietary funds)	$ 261,448,802
Amounts reported for business activities in the statement of net position 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.	(7,394,919)
Net position (proprietary funds/entity-wide)	$ 254,053,883

PROVO CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities-Enterprise Funds									Governmental Activities
	Golf Course	Water	Waste-Water	Energy	Airport	Utility Transportation	Sanitation	Storm Drain	Total	Internal Service Funds
Operating Revenues:										
Charges for services	$ 809,593	$ 11,261,939	$ 8,094,637	$ 71,028,670	$ -	$ 2,406,091	$ 4,525,973	$ 3,699,439	$ 101,826,342	$ 14,211,938
Fees & rentals	3,372	86,630	-	1,355,597	395,915	-	-	-	1,841,514	-
Lease income	321	188,200	12,593	25,444	-	-	-	-	226,558	-
Miscellaneous	24,454	66,076	11,227	3,057,928	86,109	(6,632)	2,854	95,871	3,337,887	722,847
Total operating revenues	837,740	11,602,845	8,118,457	75,467,639	482,024	2,399,459	4,528,827	3,795,310	107,232,301	14,934,785
Operating expenses:										
Salaries and wages	289,987	1,850,905	1,246,025	3,628,058	243,211	-	742,630	632,251	8,633,067	2,055,204
Employee benefits	103,450	1,015,115	700,310	2,034,370	133,776	-	432,717	283,969	4,703,707	960,036
Operating expenses	561,998	3,613,120	2,390,357	48,997,988	385,980	1,946,733	3,698,305	781,267	62,375,748	7,793,947
Depreciation	186,172	1,095,724	678,122	2,480,405	1,137,450	-	966	590,581	6,169,420	2,973,586
Total operating expenses	1,141,607	7,574,864	5,014,814	57,140,821	1,900,417	1,946,733	4,874,618	2,288,068	81,881,942	13,782,773
Operating income (loss)	(303,867)	4,027,981	3,103,643	18,326,818	(1,418,393)	452,726	(345,791)	1,507,242	25,350,359	1,152,012
Nonoperating revenues (expenses)										
Impact fees	-	260,985	590,272	980,188	-	-	-	427,125	2,258,570	-
Federal grants	-	-	-	-	900,377	-	-	-	900,377	-
Interest income	1,368	157,000	146,183	367,083	3,568	-	11,340	11,683	698,225	55,961
Interest expense	-	(354,128)	(295,366)	(626,817)	(6,324)	-	-	(235,697)	(1,518,332)	(6,127)
Gain (loss) on disp. of assets	-	(44,390)	-	-	-	-	-	-	(44,390)	99,879
Joint Venture gain (loss)	-	-	-	-	-	-	716,017	-	716,017	-
Total nonoperating revenues (expenses)	1,368	19,467	441,089	720,454	897,621	-	727,357	203,111	3,010,467	149,713
Income (loss) before contributions, and transfers	(302,499)	4,047,448	3,544,732	19,047,272	(520,772)	452,726	381,566	1,710,353	28,360,826	1,301,725
Capital contributions	-	1,697,092	572,905	-	-	-	-	-	2,269,997	-
Transfers in	144,540	587,529	5,040	60,823	402,772	-	5,530	2,338	1,208,572	452,166
Transfers out	-	(1,515,485)	(1,721,312)	(11,725,975)	-	-	(800,530)	(561,612)	(16,324,914)	(139,963)
Change in Net Position	(157,959)	4,816,584	2,401,365	7,382,120	(118,000)	452,726	(413,434)	1,151,079	15,514,481	1,613,928
Net Position at beginning of year	27,154,854	52,310,094	29,396,424	80,121,975	33,062,622	2,058,063	9,447,102	12,383,187	245,934,321	18,188,076
Net Position at end of year	$ 26,996,895	$ 57,126,678	$ 31,797,789	$ 87,504,095	$ 32,944,622	$ 2,510,789	$ 9,033,668	$ 13,534,266	$ 261,448,802	$ 19,802,004

Change in net position (proprietary funds)	$ 15,514,481
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.	1,794,891
Change in net position (statement of activities)	$ 17,309,372

PROVO CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2016

	Golf Course	Water	Waste-water	Energy	Airport	Utility Transportation	Sanitation	Storm Drain	Total	Governmental Activities Internal Service Funds
Cash flows from operating activities:										
Receipts from customers and users	$ 837,740	$ 11,161,698	$ 8,081,030	$ 74,766,945	$ 4,817,669	$ 2,107,540	$ 4,534,226	$ 3,736,098	$ 110,042,946	$ 14,945,972
Payments to suppliers	(544,320)	(1,794,009)	(2,542,615)	(47,097,527)	(4,232,982)	(1,946,298)	(3,711,747)	(668,922)	(62,538,420)	(6,265,613)
Payments to employees	(394,284)	(2,925,782)	(1,916,710)	(6,478,834)	(372,656)	-	(1,169,946)	(902,712)	(14,160,924)	(3,038,576)
Payments for claims	-	-	-	-	-	-	-	-	-	(1,205,782)
Net cash provided (used) by operating activities	(100,864)	6,441,907	3,621,705	21,190,584	212,031	161,242	(347,467)	2,164,464	33,343,602	4,436,001
Cash flows from noncapital financing activities:										
Loans due from other funds	-	-	-	221,472	-	-	39,590	-	261,062	(2,368,761)
Loans due to other funds	64,917	298,015	233,644	643,602	(126,418)	-	637,690	244,505	1,995,955	(212,499)
Impact fees	-	260,985	590,272	980,188	-	-	-	427,125	2,258,570	-
Federal and state grants	-	-	-	-	900,377	-	-	-	900,377	-
Transfers from other funds	144,540	587,529	5,040	60,823	402,772	-	5,530	2,338	1,208,572	452,166
Transfers to other funds	-	(1,515,485)	(1,721,312)	(11,725,975)	-	-	(800,530)	(561,612)	(16,324,914)	(139,963)
Net cash provided (used) by noncapital financing activities	209,457	(368,956)	(892,356)	(9,819,890)	1,176,731	-	(117,720)	112,356	(9,700,378)	(2,269,057)
Cash flows from capital and related financing activities:										
Payments for capital acquisitions	(18,043)	(13,034,670)	(5,135,938)	(13,779,196)	(857,437)	-	(109,530)	(1,743,190)	(34,678,004)	(2,745,753)
Proceeds from sale of capital assets	-	6,688	-	-	-	-	-	-	6,688	(139,963)
Principal paid on bonds payable	-	(370,000)	(310,000)	(875,000)	-	-	-	(560,000)	(2,115,000)	-
Interest paid on bonds payable	-	(420,667)	(351,125)	(507,782)	-	-	-	(242,976)	(1,522,550)	-
Principal paid on lease payable	-	-	-	-	-	-	-	-	-	(394,512)
Interest paid on notes & lease payable	-	-	-	-	(6,324)	-	-	-	(6,324)	(6,866)
Net cash provided (used) by capital and related financing activities	(18,043)	(13,818,649)	(5,797,063)	(15,161,978)	(863,761)	-	(109,530)	(2,546,166)	(38,315,190)	(3,287,094)
Cash flows from investing activities:										
Receipts of interest	1,368	157,000	146,183	367,083	3,568	-	11,340	11,683	698,225	55,961
Net cash provided by investing activities	1,368	157,000	146,183	367,083	3,568	-	11,340	11,683	698,225	55,961
Net increase (decrease) in cash	91,918	(7,588,698)	(2,921,531)	(3,424,201)	528,569	161,242	(563,377)	(257,663)	(13,973,741)	(1,064,189)
Cash at beginning of year	180,715	16,547,730	16,640,519	46,872,030	163,738	2,774,556	2,137,191	2,087,539	87,404,018	11,037,648
Cash at end of year	$ 272,633	$ 8,959,032	$ 13,718,988	$ 43,447,829	$ 692,307	$ 2,935,798	$ 1,573,814	$ 1,829,876	$ 73,430,277	$ 9,973,459
Cash at end of year consists of:										
Cash	$ 272,633	$ 3,977,166	$ 6,792,382	$ 32,784,964	$ 692,307	$ 2,935,798	$ 1,573,814	$ 1,750,853	$ 50,779,917	$ 9,973,459
Restricted cash	-	4,981,866	6,926,606	10,662,865	-	-	-	79,023	22,650,360	-
Total Cash	$ 272,633	$ 8,959,032	$ 13,718,988	$ 43,447,829	$ 692,307	$ 2,935,798	$ 1,573,814	$ 1,829,876	$ 73,430,277	$ 9,973,459

PROVO CITY CORPORATION
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2016

	Golf Course	Water	Waste-water	Energy	Airport	Utility Transportation	Sanitation	Storm Drain	Total	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	$ (303,867)	$ 4,027,981	$ 3,103,643	$ 18,326,818	$ (1,418,393)	$ 452,726	$ (345,791)	$ 1,507,242	$ 25,350,359	$ 1,152,012
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation	186,172	1,095,724	678,122	2,480,405	1,137,450	-	966	590,581	6,169,420	2,973,586
Changes in assets and liabilities:										
Decrease (increase) in accounts receivable	-	(441,147)	(37,427)	(700,694)	4,335,645	6,181	5,399	(59,212)	3,108,745	11,187
Decrease (increase) in inventory	-	227,638	-	45,624	-	-	-	-	273,262	2,121
Increase (decrease) in accounts payable	-	1,593,889	(157,258)	1,975,326	(3,847,002)	435	(13,442)	112,345	(335,707)	306,940
Increase (decrease) in accrued liabilities	1,669	(36,156)	(337)	(845,356)	(6,741)	-	7,021	3,896	(876,004)	(46,070)
Increase (decrease) in unearned revenue	8,541	-	-	-	-	(298,100)	-	-	(289,559)	-
Increase (decrease) in customer deposits	-	(2,416)	5,000	(120,489)	-	-	-	-	(117,905)	-
Increase (decrease) in accrued compensated absences	6,621	(23,606)	29,962	28,950	11,072	-	(1,620)	9,612	60,991	36,225
Net cash provided (used) by operating activities	$ (100,864)	$ 6,441,907	$ 3,621,705	$ 21,190,584	$ 212,031	$ 161,242	$ (347,467)	$ 2,164,464	$ 33,343,602	$ 4,436,001
Non-cash supplemental information:										
Contributed capital assets	$ -	$ 1,697,092	$ 572,905	$ -	$ -	$ -	$ -	$ -	$ 2,269,997	$ -

INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Provo City Corporation (City) was incorporated on February 6th 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, PO Box 1849, Provo, UT 84603-1849.

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 Storm Water 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.

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 selected by the City's municipal council from a list of qualified applicants. The Board of Directors controls personnel, management, finances and budget.

The **Provo Foundation** was created April 17, 1984, by Provo City to provide for the receipt of gifts to the City and was incorporated October 10, 1987. It has received a 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 is appointed by the City's municipal council and consists of the Mayor, Council Chairperson, and prominent individuals in the community. The services provided by the Foundation are almost entirely related to 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,

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 find 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, housing consortium fund, and debt service fund are major funds. 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.

<u>Governmental Fund Types</u>

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

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, golf course, sanitation, storm drain, transportation 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.

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 26, 28).

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.

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, 2015, 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.

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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset	Years
Bridges	60
Sidewalks	50
Water & Sewer lines	75
Buildings (new)	40
Buildings (used)	30
Traffic signals	30
Roads	20
Building improvements	20
Land improvements	20
Fire trucks	10
Communication lines and equipment	7
Machinery and equipment	7
Heavy Duty Equipment	10-20
Library books	6
Furniture	5
Vehicles	5
Office equipment	5
Computer equipment	3-5
Computer software	3
Garbage trucks	7
Ambulance	5

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, 2016. 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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 notes payable, 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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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, 2016, $8,507,760 of the City's bank balance of $8,757,760 was uninsured and uncollateralized.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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 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, 2016, the City had investments of $75,126,329 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.

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 2016 and are due in November of 2016 are budgeted for the 2017 fiscal year. Even though they are intended to fund the 2017 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

NOTE 3 - RECEIVABLES (continued)

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, 2016, consist of the following:

Governmental Funds

	General	Nonmajor Funds	Total
Receivables	$ 10,321,518	$ 11,374,631	$ 21,696,149
Less: allowance for Uncollectibles	(252,238)		(252,238)
Net total receivables	$ 10,069,280	$ 11,374,631	$ 21,443,911
Increase (decrease)			
Revenue related to uncollectibles	$ 511,375	$ -	$ 511,375

Proprietary Funds

	Waste Water	Water	Energy	Airport	Sanitation	Storm Drain	Utility Transportation	Total	Internal Service Fund
Receivables	$ 920,699	$ 2,129,604	$ 9,518,608	$ 21,967	$ 510,684	$ 394,569	$ 139,737	$ 13,635,868	$ -
Less: allowance for Uncollectibles	(20,026)	(32,687)	(172,960)	-	(10,456)	(9,019)	(4,852)	(250,000)	-
Net total receivables	$ 900,673	$ 2,096,917	$ 9,345,648	$ 21,967	$ 500,228	$ 385,550	$ 134,885	$ 13,385,868	$ -
Increase (decrease) Revenue related to Uncollectibles	$ (6,599)	$ (14,238)	$ (24,170)	$ -	$ (1,467)	$ (2,966)	$ (559)	$ -	$ -

NOTE 3 - RECEIVABLES (continued)

Loans receivable and the associated allowances for uncollectible accounts, at June 30, 2016, consist of the following:

	Governmental Activities
Business & citizen assistance loans	$ 16,976,469
Less: allowance for	
Uncollectibles	(867,467)
Net total notes receivable	$ 16,109,001

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, 2016, the various components of deferred inflows of resources in the governmental funds were as follows:

	Deferred Inflows of Resources
Property tax receivable (general fund)	$ 4,409,462
Property tax receivable (library fund)	3,198,549
Property taxes (debt service fund)	3,192,150
Ambulance Billing	309,323
Central Billing	5,295,104
Special Improvement Assessment Billing	26,508
Notes Receivable	1,027,421
	$ 17,458,517

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 169,738,371	$ 200,400	$ (461,802)	$ 169,476,969
Land Easement	200,983			200,983
Construction in progress	11,894,231	5,432,309	(4,665,293)	12,661,247
	181,833,585	5,632,709	(5,127,095)	182,339,199
Capital assets being depreciated:				
Machinery and equipment	41,256,082	3,429,267	(1,743,128)	42,942,221
Library collection	5,700,231	386,955	(327,893)	5,759,293
Buildings	99,016,644	12,675	-	99,029,319
Land improvements	14,245,260	2,919,161	-	17,164,421
Infrastructure:				
Trails	911,618	-	-	911,618
Traffic signals	6,789,694	235,075	-	7,024,769
Fiber optic	985,123	-	-	985,123
Noise wall	892,483	-	-	892,483
Bridges	14,083,458	-	-	14,083,458
Roads	113,830,137	2,197,211	-	116,027,348
Sidewalks	26,492,390	763,566	-	27,255,956
Total	324,203,120	9,943,910	(2,071,021)	332,076,009
Less accumulated depreciation for:				
Machinery and equipment	(28,749,632)	(3,076,850)	1,172,480	(30,654,002)
Library collection	(4,829,263)	(355,386)	327,893	(4,856,756)
Buildings	(32,305,331)	(2,454,431)	-	(34,759,762)
Land improvements	(4,343,281)	(656,594)		(4,999,875)
Infrastructure:				
Trails	(571,899)	(102,754)		(674,653)
Traffic signals	(3,126,545)	(220,576)		(3,347,121)
Noise Wall	(69,938)	(43,757)		(113,695)
Fiber Optic	(964,473)	(3,206)		(967,679)
Bridges	(4,200,723)	(245,872)		(4,446,595)
Roads	(70,259,731)	(3,339,949)		(73,599,680)
Sidewalks	(12,039,044)	(526,104)		(12,565,148)
Total	(161,459,860)	(11,025,479)	1,500,373	(170,984,966)
Total capital assets, being depreciated, net	162,743,260	(1,081,569)	(570,648)	161,091,043
Governmental activities capital assets, net	$ 344,576,845	$ 4,551,140	$ (5,697,743)	$ 343,430,242

NOTE 4 - CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	$ 14,086,989	$ 26,058,055	$ (7,361,922)	$ 32,783,122
Water Stock	2,420,927	-	-	2,420,927
Land	41,078,017	1,619,618	-	42,697,635
Total	57,585,933	27,677,673	(7,361,922)	77,901,684
Capital assets being depreciated:				
Machinery and equipment	18,257,335	396,017	-	18,653,352
Buildings & Building Improvements	98,950,086	317,061	-	99,267,147
Land improvements	41,570,170	8,479,836	-	50,050,006
Infrastructure:				
Storm Drain	31,945,717	1,501,729	-	33,447,446
Water Lines	46,707,539	2,832,954	(112,738)	49,427,755
Sewer Lines	24,282,601	600,003	(221,531)	24,661,073
Energy	66,241,333	2,504,651	-	68,745,984
Total	327,954,781	16,632,251	(334,269)	344,252,763
Less accumulated depreciation for:				
Machinery and equipment	(8,753,169)	(959,842)	-	(9,713,011)
Buildings	(76,591,350)	(1,151,455)		(77,742,805)
Land improvements	(26,483,354)	(1,007,844)		(27,491,198)
Infrastructure:				
Storm drain	(15,693,267)	(582,304)		(16,275,571)
Water lines	(19,033,939)	(491,316)	61,659	(19,463,596)
Sewer lines	(11,259,565)	(221,408)	221,531	(11,259,442)
Energy	(26,969,933)	(1,755,248)		(28,725,181)
Total	(184,784,577)	(6,169,417)	283,190	(190,670,804)
Total capital assets, being depreciated, net	143,170,204	10,462,834	(51,079)	153,581,959
Business-type activities capital assets, net	$ 200,756,137	$ 38,140,507	$ (7,413,001)	$ 231,483,643

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

Governmental activities:	
General government	$ 3,356,616
Public safety	413,137
Public services	4,462,552
Community revitalization	309,693
Culture and recreation	2,483,481
Total depreciation expense - governmental activities	$ 11,025,479
Business-type activities	
Golf Course	$ 186,172
Water	1,095,724
Sewer	678,122
Energy	2,480,406
Airport	1,137,449
Sanitation	966
Storm drain	590,578
Total depreciation expense - business-type activities	$ 6,169,417

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
2016	$300,000	$367,957	($367,957)	$300,000
2015	$300,000	$705,002	($705,002)	$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 $131,917 of lease payments during fiscal year 2016.

Future minimum lease payments are as follows:

Fiscal Year	Governmental Activities
2017	$ 134,530
2018	137,182
2019	139,953
Total minimum lease payments	$ 411,664

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:

Asset	Original Principal	Interest Rate
Harris ERP Software and Equipment	$5,500,000	1.68%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Governmental activities

Lease payment	Totals
2017	$ 836,111
2018	836,111
2019	836,111
2020	836,111
2021	836,111
2022-2023	1,672,224
Total minimum lease payments	5,852,779
Less amount representing interest	(352,779)
Present Value of minimum lease payments	5,500,000
Amount due within one year	746,835
Amount due after one year	$ 4,753,165

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.

There were no general obligation bonds issued or refinanced during Fiscal Year 2016. Current total general obligation bonds have been issued for governmental activities in the amount of $39,000,000.

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 $47,590,000 for business-type activities and $43,934,000 for governmental activities.

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, 2016 is $9,345,000.

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 outstanding balance on June 30, 2016 is $6,800,976.

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, 2016 is $1,182,374.

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
2017	$ 1,640,000	$ 1,552,150	$ 2,046,000	$ 1,454,697	$ 3,686,000	$ 3,006,847
2018	1,680,000	1,511,150	2,144,000	1,353,036	3,824,000	2,864,186
2019	1,750,000	1,443,950	2,252,000	1,244,486	4,002,000	2,688,436
2020	1,820,000	1,373,950	2,406,000	1,124,114	4,226,000	2,498,064
2021	1,890,000	1,301,150	2,535,000	995,665	4,425,000	2,296,815
2022-2026	10,745,000	5,224,550	15,308,000	2,784,757	26,053,000	8,009,307
2027-2031	13,245,000	2,722,463	676,000	171,634	13,921,000	2,894,097
2032-2034	3,040,000	152,000	471,000	36,920	3,511,000	188,920
	$ 35,810,000	$ 15,281,363	$ 27,838,000	$ 9,165,309	$ 63,648,000	$ 24,446,672

NOTE 8 - LONG TERM DEBT (continued)

Current Portion		
Bonds	$	3,686,000
Leases		746,835
Total Current portion		4,432,835
Long-term Portion		
Bonds		59,962,000
Leases		4,753,165
Total Long-term portion		64,715,165
Grand Total		69,148,000
Unamortized amounts-premium (discount)		644,561
Less: Leases		(5,500,000)
Grand Total	$	64,292,561

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

Business-type activities

	Revenue Bond Principal	Interest
2017	$ 1,980,000	$ 1,615,723
2018	2,035,000	1,563,524
2019	2,095,000	1,502,773
2020	2,170,000	1,418,186
2021	2,250,000	1,328,235
2022-2026	11,140,000	5,124,338
2027-2031	10,950,000	3,057,462
2032-2035	10,250,000	948,000
	$ 42,870,000	$ 16,558,241

Current Portion		
Bonds	$	1,980,000
Long-term Portion		
Bonds		40,890,000
Unamortized amounts-premium (discount)		3,141,771
Grand Total	$	46,011,771

NOTE 8 - LONG-TERM DEBT (continued)

Long-term debt activity for the year ended June 30, 2016, was as follows:

Governmental activities	Balance June 30, 2015	Increases	(Decreases)	Balance June 30, 2016	Amount Due 2017
Bonds Payable:					
General obligation bonds					
G.O. 2011 Rec Center Bond	$ 37,420,000	-	(1,610,000)	35,810,000	1,640,000
G.O. 2011 Rec Center unamortized	792,933	-	(48,057)	744,876	-
Telecom 2004 Sales Tax Bonds (2.54-5.42%)	26,170,000	-	(1,820,000)	24,350,000	1,910,000
Telecom 2004 Sales Tax Bonds unamortized	(110,347)	10,032	-	(100,315)	-
2006 Increment bond	1,455,000	-	(135,000)	1,320,000	50,000
2014 Cemetery Bond	2,250,000	-	(82,000)	2,168,000	86,000
Total Governmental Fund Bonds	67,977,586	10,032	(3,695,057)	64,292,561	3,686,000
Notes Payable:					
Note Payable Library Legacy Foundation	42,979	-	(42,979)	-	-
Total Notes Payable	42,979	-	(42,979)	-	-
Capital Leases	462,500	5,500,000	(462,500)	5,500,000	746,835
Accrued Compensated Absences	5,753,437	1,916,173	(1,707,227)	5,962,383	1,788,715
Total Governmental activity Long-term liabilities	$ 74,236,502	$ 7,426,205	$ (5,907,763)	$ 75,754,942	$ 6,221,550

Business-type activities	Balance June 30, 2015	Increases	(Decreases)	Balance June 30, 2016	Amount Due 2017
Revenue Bonds:					
Stormwater 2010A Refunding Bonds (2.0-3.0%)	1,830,000	-	(560,000)	1,270,000	575,000
2010 unamortized	20,871	-	(5,330)	15,541	-
Stormwater 2010B Taxable BAB (4.38-5.0%)	3,850,000	-	-	3,850,000	-
2010 unamortized	5,475	-	(614)	4,861	-
Water Revenue Bonds 2015A (2.0-4.0%)	10,775,000	-	(370,000)	10,405,000	375,000
2015A unamortized	1,312,046	-	(66,998)	1,245,048	-
Wastewater Revenue Bonds 2015A (2.0-4.0%)	8,980,000	-	(310,000)	8,670,000	310,000
2015A unamortized	1,099,184	-	(56,129)	1,043,055	-
Energy System Revenue Bonds 2015A (2.0-3.25%	19,550,000	-	(875,000)	18,675,000	720,000
2015A unamortized	878,099	-	(44,833)	833,266	-
Total Business-type Bonds	48,300,675	-	(2,288,904)	46,011,771	1,980,000
Accrued Compensated Absences	1,804,482	592,682	(531,690)	1,865,474	559,642
Total Business-type Long-term liabilities	$ 50,105,159	$ 592,682	$ (2,820,594)	$ 47,877,245	$ 2,539,642

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, $275,209 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.

NOTE 9 - INTERFUND ASSETS, LIABILITIES AND TRANSFERS

Interfund assets and liabilities are the result of short-term year-end transactions, or long-term interfund loans. All long-term interfund loans are approved by the governing body and a clear repayment schedule has been established with a competitive interest rate.

Due to/from other funds:

Receivable Fund	Payable Fund			Payable Fund	Receivable Fund		
GOVERNMENTAL FUNDS				GOVERNMENTAL FUNDS			
General	Non-major Gov. Funds	$	1,129,350	General	Vehicle Management	$	555,556
				General	Capital Resources		300,093
				General	Non-major Gov. Funds		28,931
Total Due General Fund			1,129,350	Total Payable by General Fund			884,580
Receivable Fund	Payable Fund			Payable Fund	Receivable Fund		
OTHER GOVERNMENTAL FUNDS				OTHER GOVERNMENTAL FUNDS			
Tax Increment	General		28,931	Non-major Gov. Funds	General		1,129,350
Total Receivable other Gov. Funds			28,931	Total Payable by other Gov. Funds			1,129,350
Total Due Governmental Funds		$	1,158,281	Total Payable by Governmental Funds		$	2,013,930
Receivable Fund	Payable Fund			Payable Fund	Receivable Fund		
INTERNAL SERVICE FUNDS				INTERNAL SERVICE FUNDS			
Vehicle Management	General Fund	$	555,556	Capital Resources	Energy	$	300,093
Vehicle Management	Golf Course		64,917	Facility Maintenance	Vehicle Management		19,779
Vehicle Management	Water		298,015	Customer Service	Vehicle Management		2,336
Vehicle Management	Wastewater		233,644				
Vehicle Management	Energy		643,602				
Vehicle Management	Sanitation		637,690				
Vehicle Management	Storm Drain		244,505				
Vehicle Management	Customer Service		2,336				
Vehicle Management	Facility Maintenance		19,779				
Capital Resource	General Fund		300,093				
Includes Current and Noncurrent				***Includes Current and Noncurrent***			
Total due Internal Service Funds		$	3,000,137	Total Payable by Internal Service Funds		$	322,208
Receivable Fund	Payable Fund			Payable Fund	Receivable Fund		
ENTERPRISE FUNDS				ENTERPRISE FUNDS			
Energy	Capital Resource	$	300,093	Golf Course	Vehicle Management	$	64,917
				Water	Vehicle Management		298,015
				Wastewater	Vehicle Management		233,644
				Energy	Vehicle Management		643,602
				Sanitation	Vehicle Management		637,690
				Storm Drain	Vehicle Management		244,505
Includes Current and Noncurrent				***Includes Current and NonCurrent***			
Total Due Enterprise Funds		$	300,093	Total Payable by Enterprise Funds		$	2,122,373
Total Receivable from other Funds		$	4,458,511	Total Payable to other Funds		$	4,458,511

NOTE 9 - INTERFUND ASSETS, LIABILITIES AND TRANSFERS (continued)

Transfers to/From other Funds:

Transfer to Governmental Funds	Transfer from		Transfer from Governmental Funds	Transfer to	
General Fund	Engineering CIP	$ 50,000	General Fund	Debt Service	$ 194,830
General Fund	Water	1,211,358	General Fund	Engineering CIP	500,000
General Fund	Wastewater	882,992	General Fund	Golf Course	144,540
General Fund	Energy	7,428,918	General Fund	Airport	311,611
General Fund	Sanitation	474,030	General Fund	Customer Service	98,112
General Fund	Storm Drain	406,112	General Fund	Capital Resource	200,000
General Fund	Vehicle Management	77,523	General Fund	Energy	15,000
Total transferred to General Fund		$ 10,530,933	Total transferred from General Fund		$ 1,464,093

Transfer to Other Governmental Funds	Transfer from		Transfer from Other Governmental Funds	Transfer To	
Debt Service	General Fund	194,830	Engineering CIP	General Fund	$ 50,000
Debt Service	General CIP	820,559	Debt Service	General CIP	221,393
Debt Service	Water	144,127	Debt Service	Airport	91,161
Debt Service	Wastewater	94,500	Debt Service	Capital Reserve	154,054
Debt Service	Energy	3,677,057	General CIP	Debt Service	820,559
Debt Service	Sanitation	66,500			
Debt Service	Storm Drain	45,500			
General CIP	Debt Service	221,393			
General CIP	Water	160,000			
General CIP	Wastewater	160,000			
General CIP	Energy	620,000			
General CIP	Sanitation	260,000			
General CIP	Storm Drain	110,000			
Engineering CIP	B&C Road	500,000			
Total transferred to Other Gov. Funds		7,074,466	Total transferred from Other Gov. Funds		1,337,167
Total transferred to Governmental Funds		$ 17,605,399	Total transferred from Governmental Funds		$ 2,801,260

NOTE 9 - INTERFUND ASSETS, LIABILITIES AND TRANSFERS (continued)

Transfer To Internal Service Funds	Transfer From		
Customer Service	General Fund	$	98,112
Vehicle Management	General Fund		200,000
Vehicle Management	Debt Service		154,054
Total transferred to Internal Service Funds		$	452,166

Transfer from Internal Service Funds	Transfer To		
Vehicle Management	General Fund	$	77,523
Vehicle Management	Water		3,709
Vehicle Management	Wastewater		5,040
Vehicle Management	Energy		45,823
Vehicle Management	Sanitation		5,530
Vehicle Management	Storm Drain		2,338
Total transferred from Internal Service Funds		$	139,963

Transfers to Enterprise Funds	Transfers from		
Golf Course	General Fund	$	144,540
Water	Wastewater		583,820
Water	Vehicle Management		8,749
Energy	General Fund		15,000
Energy	Vehicle Management		45,823
Airport	General Fund		311,611
Airport	Debt Service		91,161
Storm Drain	Vehicle Management		2,338
Sanitation	Vehicle Management		5,530
Total transferred to Enterprise Funds		$	1,208,572

Transfers from Enterprise Funds	Transfers to		
Water	General Fund	$	1,211,358
Water	Debt Service		144,127
Water	General CIP		160,000
Wastewater	General Fund		882,992
Wastewater	Debt Service		94,500
Wastewater	General CIP		160,000
Wastewater	Water		583,820
Energy	General Fund		7,428,918
Energy	Debt Service		3,677,057
Energy	General CIP		620,000
Sanitation	General Fund		474,030
Sanitation	Debt Service		66,500
Sanitation	General CIP		260,000
Storm Drain	General Fund		406,112
Storm Drain	ERP Debt Service		45,500
Storm Drain	General CIP		110,000
Total transferred from Enterprise Funds		$	16,324,914

**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 $15,116,342 per the statement of activities. The majority of the transfers were to governmental funds for administrative services they provide to the business-type funds and for capital outlay in the governmental funds that benefit the City.

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 66.27 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). 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, 2016, 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 65.33 percent of the energy sales of the Agency to member cities in the current fiscal year and 58.67 percent of all energy sales of the Agency. UMPA billed Provo City $44,288,240 for energy.

Provo City billed UMPA $501,931 for maintenance costs, as stipulated in the purchased power agreement between Provo City and UMPA. UMPA has issued revenue bonds to purchase an interest in various electrical generation facilities to provide power to its members.

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:

NOTE 11 - JOINT VENTURES (continued)

At June 30, 2016	
Total assets	$55,282,815
Total liabilities	(55,279,465)
Total net position	$ 3,350

For the Year Ended June 30, 2016	
Total operating revenue	$75,550,012
Total operating expenses	(66,907,491)
Deferred Credit Adjustment	(7,346,452)
Nonoperating revenue and expense	(1,296,069)
Change in net position	$ 0

Complete financial statements for the agency may be obtained at Utah Municipal Power Agency, 75 West 300 North, 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%
Mapleton City	2.00%
Salem City	1.50%
Woodland Hills	0.00%
Goshen Town	0.00%
	100.00%

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 $1,232,231 for user fees for the fiscal year ended June 30, 2016.

NOTE 11 - JOINT VENTURES (continued)

Below is a summary of the financial position of the District as of June 30, 2016:

At June 30, 2016		
Total assets	$	16,546,127
Deferred outflows		334,169
Total liabilities		(5,790,236)
Deferred inflows		(79,458)
Total net position	$	11,010,602

For the Year Ended June 30, 2016		
Total operating revenue	$	7,150,474
Total operating expenses		(6,095,120)
Nonoperating revenue and expense		(28,806)
Change in net position	$	1,026,548

In fiscal 2016, the city made an entry of $716,017 to account for the city's net gain/(loss). The City is currently showing an investment in this joint venture in the amount of $7,679,895.

Complete financial statements for the District may be obtained at South Utah Valley Solid Waste District, 2450 West 400 South, Springville, UT 84663.

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. The Ice Sheet Authority has entered into a Development Agreement with Seven Peaks under which Seven Peaks has designed and constructed the Ice Sheet under the direction and control of the Ice Sheet Authority.

The Ice Sheet Authority is governed by a six member board. Three members are from the Board of County Commissioners of Utah County, three members are the Provo City Mayor and two people appointed by the Mayor. Board decisions are made by a majority of the members of a quorum of the Board of Directors.

The Ice Sheet Authority and the Salt Lake Organizing Committee (SLOC) for the Olympic Winter Games of 2002 entered into an Ice Sheet Use Agreement. Under this agreement, the Ice Sheet Authority agreed to make the ice sheet available for the exclusive use of the SLOC in connection with the Winter Olympics of 2002 and related events preceding and occurring after the Winter Olympics of 2002.

The City and the County agreed on a financing plan under which the Building Authority of Provo City issued lease revenue bonds secured by (1) rental revenues derived under a Lease Agreement by and between the Building Authority, as lessor, and the City, as lessee, (2) rental revenues derived under a Sublease Agreement by and between the City, as sublessor, and the County, as sublessee, (3) an assignment of the Lease and Sublease from the City and the County to the Ice Sheet Authority, (4) an assignment of the pledge to the Building Authority of any revenues received by the Ice Sheet Authority from Seven Peaks under the Lease and Manage-

NOTE 11 - JOINT VENTURES (continued)

ment Agreement, and (5) a pledge of revenues to be received by the Ice Sheet Authority from SLOC under the Ice Sheet Agreement for the use of the Ice Sheet by SLOC.

Below is a summary of the financial position of the Ice Sheet Authority:

At June 30, 2016		
Total assets	$	12,156,431
Total liabilities		(64,041)
Total net position	$	12,092,390

For the Year Ended June 30, 2016		
Total operating revenue	$	1,104,447
Total operating expenses		(1,562,280)
Nonoperating revenue and expense		349,804
Change in net position	$	(108,029)

In fiscal 2016, the City made an entry of ($53,989) to account for the city's portion of the net gain/(loss). The City is currently showing an investment in this joint venture in the amount of $6,046,177.

Complete financial statements for the Authority may be obtained at Provo City/Utah County Ice Sheet Authority, C/O Provo City Finance Department, 351 West Center St., PO Box 1849, Provo, UT 84603.

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 $87,814 for operating costs in fiscal 2016.

NOTE 11 - JOINT VENTURES (continued)

Below is a summary of the financial position of the District:

At June 30, 2016

Total assets	$	178,262
Deferred outflows		5,757
Total liabilities		(63,778)
Deferred inflows		(3,388)
Total net position	$	116,853

For the Year Ended June 30, 2016

Total operating revenue	$	481,865
Total operating expenses		(485,381)
Nonoperating revenue		369
Change in net position	$	(3,147)

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.

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 81 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 $1,600,414 in premiums for retirees during the fiscal year ended June 30, 2016.

The GASB has issued statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which establishes accounting standards for reporting other OPEB. Statement 45, which is effective for the City for year ended June 30, 2008, requires the City to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting.

The City provides an OPEB, a single employer defined benefit healthcare plan according to Provo City Personnel Policy #22. Only City employees hired before July 1, 1987, are eligible to receive post-employment health and life insurance benefits from the OPEB Plan. The City does not prepare separate financial statements for the OPEB plan.

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

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

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.

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.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

As of June 30, 2016, the date of the latest actuarial valuation, approximately 533 active employees (17 Pre-07/01/87 and 516 Post-07/01/87) and 81 inactive (retired) employees are receiving health insurance benefits from the City.

Annual OPEB cost and Net OPEB obligation. The end of the year net OPEB obligation is determined as follows:

Annual Required Contribution (ARC)	$ 1,900,979
Interest on Net OPEB Obligation	21,734
Adjustment to the ARC	(19,885)
Annual Pension Cost (APC)	1,902,828
Contributions Made	(1,900,979)
Increase (Decrease) in Net OPEB Obligation	1,849
Net OPEB Obligation, Beginning of Year	543,348
Net OPEB Obligation, End of Year	$ 545,197

The following is a three-year summary of Provo City's Net OPEB obligation:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Contributed	Net OPEB Obligation
2016	$ 1,902,828	99.90%	$ 545,197
2015	2,128,533	99.91%	543,348
2014	1,450,150	99.90%	541,403

Funded status and funding progress. As of June 30, 2016, the actuarial accrued liability (AAL) for benefits was $12.7 million. The City of Provo has not set aside assets at this time; therefore, the unfunded actuarial accrued liability is equal to the actuarial accrued liability.

Actuarial Accrued Liability (AAL)	$ 12,674,298
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	12,674,298
Funded ratio	-
Covered payroll (annual payroll of active employees covered by the plan)	29,939,789
UAAL as percentage of covered payroll	42.30%

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

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, 2016 actuarial valuation the following assumptions were made:

Actuarial Assumptions	
Actuarial cost method	Projected Unit Credit
Amortization method	Open Basis
Remaining amortization period	30 years
Inflation rate	3.50%
Asset valuation method	N/A*
Interest rate	4.00%
Projected health insurance cost increases	2.9% for FY13-14
	6.4% for FY14-15
	4.7% for FY15-16
	5.3% for FY16-17
	6.0% grading down to 4.3% FY17-18 +
Projected dental cost increases	5.0% for all future years

* The city has no actuarial value of assets due to the City's pay-as-you-go accounting.

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.

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

NOTE 13 - RETIREMENT PLANS (continued)

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	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
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5 % per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefight-er System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* 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.

Contributions: 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 statue and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

NOTE 13 - RETIREMENT PLANS (continued)

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System				
11 - Local Governmental Division Tier 1	N/A	6.000%	14.460%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	16.670%	1.780%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%	N/A
Public Safety Retirement System				
Noncontributory				
46 – Provo with 2.5% COLA	N/A	N/A	42.160%	1.330%
Contributory				
122 – Tier 2 DB Hybrid Public Safety	N/A	N/A	30.310%	N/A
Firefighter Retirement System				
32 – Other Division B	N/A	16.710%	6.590%	N/A
132 – Tier 2 DB Hybrid Firefighters	N/A	N/A	10.750%	1.330%
Tier 2 DC Only				
211 Local Government	N/A	N/A	6.690%	10.000%
222 Public Safety	N/A	N/A	19.640%	12.000%
232 Firefighters	N/A	N/A	0.080%	12.000%

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, 2016, the employer and employee contributions to the system were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 3,242,929	N/A
Contributory System	62,853	-
Public Safety System	2,150,772	-
Firefighters System	291,375	-
Tier 2 Public Employees System	699,870	-
Tier 2 Public Safety and Firefighter System	259,448	-
Tier 2 DC Only System	36,563	N/A
Tier 2 DC Public Safety and Firefighter System	14,322	N/A
	$ 6,758,132	$ -

NOTE 13 - RETIREMENT PLANS (continued)

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.

Pension Assets, Liabilities, Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2014, we reported a net pension asset of $22,255 and a net pension liability of $26,623,167.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	2.1822455%	$ -	$ 12,348,175
Contributory System	1.0617200%	-	746,235
Public Safety System	100.0000000%	-	12,665,826
Firefighters System	5.0713442%	-	862,931
Tier 2 Public Employees System	65.7071700%	1,434	-
Tier 2 Public Safety and Firefighter System	1.4249791%	20,821	-
Total Net Pension Asset/Liability		$ 22,255	$ 26,623,167

The net pension asset and liability was measure as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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 December 30, 2016, we recognized pension expense of $5,140,177.

At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 502,281	$ 1,825,911
Changes in assumptions	-	1,799,445
Net difference between projected and actual earnings on pension plan investments	8,562,320	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,339	188,336
Contributions subsequent to the measurement date	3,339,169	-
Total	$ 12,429,109	$ 3,813,692

NOTE 13 - RETIREMENT PLANS (continued)

$3,339,169 was 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, 2015.

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:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2016	$1,200,583
2017	$1,275,484
2018	$1,300,779
2019	$1,769,573
2020	($235,377
Thereafter	($34,752)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 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, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

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 reates 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

NOTE 13 - RETIREMENT PLANS (continued)

asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-term expected portfolio real rate of return**
Equity Securities	40%	7.06%	2.82%
Debt Securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	$26,090,533	$12,348,206	$876,117
Contributory System	$1,314,190	$746,235	$269,410
Public Safety System	$20,111,408	$12,665,826	$6,544,597
Firefighters System	$6,822,102	$862,931	($4,058,596)
Tier 2 Public Employees System	$263,041	($1,434)	($204,882)
Tier 2 Public Safety and Firefighter	$35,391	($20,819)	($63,984)
Total	$54,636,665	$26,600,945	$3,365,662

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

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
Restricted for capital projects		
Capital projects	$ 7,141,288	$ 1,105,607
Restricted for debt service		
Debt service reserve	1,870,233	684,270
Total restricted net position	$ 9,011,521	$ 1,789,877

NOTE 14 - RESTRICTIONS ON FUND BALANCES AND NET POSITION (continued)

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.

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.

	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	$ 74,648	$ -	$ 74,648
Deposits	11,836	-	11,836
Redevelopment receivables	-	14,639,889	14,639,889
Restricted for:			
Road Projects	2,896,963	-	2,896,963
Debt Service	-	1,870,233	1,870,233
Parks Improvements	-	987,008	987,008
General CIP	-	5,251,559	5,251,559
Engineer CIP	-	902,721	902,721
Redevelopment	-	10,134,094	10,134,094
Assigned:			
Council	54,767	-	54,767
Mayor's Office	7,900	-	7,900
Finance	91,700	-	91,700
Information Systems	160,000	-	160,000
Human Resources	22,641	-	22,641
Community Development	165,882	-	165,882
Economic Development	228,048	-	228,048
General Services	541,420	-	541,420
Parks	401,256	-	401,256
Police	323,273	-	323,273
Justice Court	4,900	-	4,900
Debt Services	-	3,047,045	3,047,045
Library	-	3,696,774	3,696,774
Tax Increment	-	288,702	288,702
Homeless Prevention	-	270	270
Parks CIP	-	2,337,549	2,337,549
Engineering CIP	-	386,535	386,535
Unassigned:			
General	11,170,908	-	11,170,908
	$ 16,156,142	$ 43,542,379	$ 59,698,521

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 12.2 percent of the gross energy dollar sales and 2.3 percent of gross water dollar sales.

NOTE 16 - REDEVELOPMENT AGENCY

During fiscal year 2016, the Redevelopment Agency of Provo City collected tax increment funds of $2,212,115 for the Central Business District Project, Project Area Number 4, and the South University Avenue Project. This included $298,762 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 2016.

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)	$ 1,455,000
Contract Balances	
Dillards Department Stores	873,335
Provo Towne Center Mall	11,611,516
Total Contract Balances	$ 12,484,851

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 2016 payment and includes accrued interest. Tax increment proceeds will be applied to interest owed first.

The Redevelopment Agency had $136,225 in administrative expenditures for tax increment projects during the fiscal year.

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.

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.

	Governmental Funds		Reported in Fund statements	Internal service Funds	Government-Wide Total
Statement of Net Position:					
Capital assets	$ 479,135,601		$ -	$ 35,279,607	$ 514,415,208
Accumulated depreciation	(146,791,520)		-	(24,193,446)	(170,984,966)
Net	$ 332,344,081	*	$ -	$ 11,086,161	$ 343,430,242
Accrued compensated absences (includes current portion)	$ 5,687,174	*	$ -	$ 275,209	$ 5,962,383
Net OPEB payable	385,385	*	-	31,320	416,705
Bonds payable	64,292,561		-	-	64,292,561
Leases payable	5,500,000		-		5,500,000
Long-term liabilities (includes current portion)	$ 69,792,561	*	$ -	$ -	$ 69,792,561
Statement of Activities:					
Capital outlay	$ 9,703,099				
Depreciation	(8,112,837)				
Net	$ 1,590,262	***			

*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.

NOTE 19 - INTEREST EXPENSE (continued)

The following is a schedule that shows the amount of interest that was paid during the year, accrued at the end of the year:

	Beginning Accrued	Cash Paid	Expensed	Amortization Bond Premium	Ending Accrued
Governmental funds	$ 1,339,874	$ (4,094,485)	$ 4,035,859	$ 38,025	$ 1,319,273
Internal service funds	739	(4,501)	3,762	-	$ -
Enterprise funds	427,706	(2,210,270)	2,199,728	173,909	591,073
Total	$ 1,768,319	$ (6,309,256)	$ 6,239,349	$ 211,934	$ 1,910,346

NOTE 20 – RESTATEMENT OF FUND BALANCE FROM LOAN RECEIVABLES

In the Housing Consortium Fund loans were over stated at the end of June 30, 2015. Loans had not been written off based on new development agreements.

Fund Balance June 30, 2015	$ 13,532,420
Prior period adjustment	(804,177)
Fund Balance June 30, 2015 (as restated)	$ 12,728,243

NOTE 21 – Exception to Recognizing Revenue in the Available Period

Due to a highly unusual circumstance, the strict application of a government's normal availability period for the state of Utah's allocation of road funds has not been followed. In a typical year the 4th quarter allocation occurs with the 60 day available period but this particular year there was an administrative problem at the state level that delayed payments beyond the 60-day cutoff. In this unusual circumstance, due to the principle of comparability the city has recognized the 4th quarter state road taxes in the amount of $808K.

PROVO CITY CORPORATION
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	Noncontributory System	Contributory Retirement System	Public Safety System	Firefighters System
	12/31/2015			
Proportion of the net pension liability (asset)	2.1822455%	1.0617200%	100.0000000%	5.0713442%
Proportionate share of the net pension liability (asset)	$12,348,206	$746,235	$12,665,826	$862,931
Covered employee payroll	$17,950,299	$452,385	$5,202,897	$4,276,730
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.79%	164.96%	243.44%	20.18%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	85.7%	85.7%	98.1%
	12/31/2014			
Proportion of the net pension liability (asset)	2.2072622%	1.3182415%	100.0000000%	5.1142778%
Proportionate share of the net pension liability (asset)	$9,584,452	$380,238	$10,123,567	($562,814)

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
Schedule of Contributions
Last Ten Fiscal Years

	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%
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%
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%
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%
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%
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%
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%
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%

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.

Actuarially Determined Pension Contributions

Contribution rates include an amount for normal cost, the estimates amount necessary to finance benefits earned by the members during the current year, and an amount for amortization of the unfunded or excess funded actuarial accrued liability over a closed 20-year amortization period. The rates are determined using the entry age actuarial cost method.

Contributions made were in accordance with actuarially computed funding requirements. For contribution rate purposes, the actuary evaluates the assets of the plan based one 5-year smoothed expected return wherein 20 percent of the year's excess or shortfall of expected return Is recognized each year for five years.

The most recent actuarial experience study resulted in certain assumption changes. The ware inflation assumption was decreased from 3.75 to 3.5 percent. The rate of salary increases was modified for most groups. The payroll growth assumption was decreased from 3.5 to 3.25 percent.

Additional changes were made to certain demographic assumptions that generally resulted as follows: more members anticipating to terminate prior to retirement, slightly fewer members expecting to become disabled, and more members expecting to retire at a slightly higher age.

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PROVO CITY CORPORATION
Combining Balance Sheet – Other Governmental Funds
June 30, 2016

	Special Revenue										Capital Projects			
	Library	Rental Rehab	C.D.B.G.	Tax Increment	Housing Consortium	Special Purpose Grants	EDI Parking Grant	New Development	Homeless Prevention	Debt Service	Parks CIP	General CIP	Engineering CIP	Total Other Governmental Funds
Assets														
Cash	$ 3,681,619	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 270	$ 2,905,197	$ 2,336,469	$ 1	$ -	$ 8,923,556
Restricted cash	-	637,787	312,099	6,292,821	1,562,670	181,416	-	1,254,240	-	1,870,233	1,899,163	5,767,493	1,714,704	21,492,626
Accounts receivable	3,315,466	-	-	259,771	-	-	-	-	-	3,333,998	1,080	-	4,464,316	11,374,631
Loans receivable	-	265,304	2,574,736	200,000	10,851,324	748,525	-	-	-	-	-	-	-	14,639,889
Due from other funds	-	-	-	28,931	-	-	-	-	-	-	-	-	-	28,931
Total Assets	$ 6,997,085	$ 903,091	$ 2,886,835	$ 6,781,523	$ 12,413,994	$ 929,941	$ -	$ 1,254,240	$ 270	$ 8,109,428	$ 4,236,712	$ 5,767,494	$ 6,179,020	$ 56,459,633
Liabilities, Deferred Inflows & Fund Balance														
Liabilities:														
Accounts payable	$ 32,208	$ -	$ 27,649	$ 33	$ 65,095	$ -	$ -	$ 447	$ -	$ -	$ 13,672	$ 456,558	$ 640,493	$ 1,236,155
Accrued liabilities	69,554	-	9,461	4,254	-	-	-	-	-	-	-	-	-	83,269
Due to other funds	-	-	-	-	-	-	-	-	-	-	898,483	59,377	171,490	1,129,350
Total Liabilities	101,762	-	37,110	4,287	65,095	-	-	447	-	-	912,155	515,935	811,983	2,448,774
Deferred Inflows of Resources														
Deferred property tax revenue	3,198,549	-	-	-	-	-	-	-	-	3,192,150	-	-	-	6,390,699
Deferred unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-	4,077,781	4,077,781
Total Deferred Inflows of Resources	3,198,549	-	-	-	-	-	-	-	-	3,192,150	-	-	4,077,781	10,468,480
Fund Balance														
Nonspendable	-	265,304	2,574,736	200,000	10,851,324	748,525	-	-	-	-	-	-	-	14,639,889
Assigned	3,696,774	-	-	288,702	-	-	-	-	270	3,047,045	2,337,549	-	386,535	9,756,875
Restricted	-	637,787	274,989	6,288,534	1,497,575	181,416	-	1,253,793	-	1,870,233	987,008	5,251,559	902,721	19,145,615
Total Fund Balance	3,696,774	903,091	2,849,725	6,777,236	12,348,899	929,941	-	1,253,793	270	4,917,278	3,324,557	5,251,559	1,289,256	43,542,379
Total Liabilities, Deferred Inflows of Resources & Fund Balance	$ 6,997,085	$ 903,091	$ 2,886,835	$ 6,781,523	$ 12,413,994	$ 929,941	$ -	$ 1,254,240	$ 270	$ 8,109,428	$ 4,236,712	$ 5,767,494	$ 6,179,020	$ 56,459,633

PROVO CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue										Capital Projects			
	Library	Rental Rehab	C.D.B.G.	Tax Increment	Housing Consortium	Special Purpose Grants	EDI Parking Grant	New Development	Homeless Prevention	Debt Service	Parks CIP	General CIP	Engineering CIP	Total Other Governmental Funds
Revenues:														
Taxes	$ 3,469,126	$ -	$ -	$ 2,212,115	$ -	$ -	$ -	$ -	$ -	$ 3,782,841	$ -	$ -	$ -	$ 9,464,082
Intergovernmental	30,560	-	313,845	-	166,223	-	-	-	-	-	97,456	-	873,866	1,481,950
Charges for services	327,028	-	-	-	-	-	-	111,446	-	-	-	260,354	-	698,828
Interest income	25,238	2,398	2,081	36,048	6,222	996	-	4,623	-	30,865	20,895	12,948	22,069	164,383
Loan interest repayments	-	-	3,310	-	18,579	273	-	-	-	-	-	-	-	22,162
Impact fees	-	-	-	-	-	-	-	-	-	-	547,286	-	339,244	886,530
Miscellaneous	28,197	-	482	261,450	1,465	-	-	150,000	-	-	623	-	478,877	921,094
Total revenues	3,880,149	2,398	319,718	2,509,613	192,489	1,269	-	266,069	-	3,813,706	666,260	273,302	1,714,056	13,639,029
Expenditures:														
Current:														
Culture and recreation	4,000,680	-	-	-	-	476	-	-	-	-	403,687	-	-	4,404,843
Community revitalization	-	463	752,373	1,192,979	571,833	-	-	201,584	-	1,055	-	3,490,049	5,529,028	11,739,364
Total current expenditures	4,000,680	463	752,373	1,192,979	571,833	476	-	201,584	-	1,055	403,687	3,490,049	5,529,028	16,144,207
Debt service:														
Interest	-	-	-	170,648	-	-	-	-	-	3,923,372	-	-	-	4,094,020
Rent/Lease	-	-	-	-	-	-	-	-	-	113,298	280	-	-	113,578
Principal on debt	-	-	-	35,648	-	-	-	-	-	2,655,713	-	-	-	2,691,361
Interest - interfund	-	-	-	-	-	-	-	-	-	22,068	-	-	-	22,068
Service fees on debt	-	-	-	2,500	-	-	-	-	-	8,750	-	-	-	11,250
Total debt service	-	-	-	208,796	-	-	-	-	-	6,723,201	280	-	-	6,932,277
Capital outlay:														
Capital outlay	40,402	-	-	-	-	-	-	-	-	-	-	42,089	-	82,491
Total expenditures	4,041,082	463	752,373	1,401,775	571,833	476	-	201,584	-	6,724,256	403,967	3,532,138	5,529,028	23,158,975
Excess (deficiency) of revenues over (under) expenditures	(160,933)	1,935	(432,655)	1,107,838	(379,344)	793	-	64,485	-	(2,910,550)	262,293	(3,258,836)	(3,814,972)	(9,519,946)
Other financing sources (uses):														
Transfers from other funds	-	-	-	-	-	-	-	-	-	5,043,073	-	1,531,393	500,000	7,074,466
Transfers to other funds	-	-	-	-	-	-	-	-	-	(466,608)	-	(820,559)	(50,000)	(1,337,167)
Debt issuance	-	-	-	-	-	-	-	-	-	-	-	5,500,000	-	5,500,000
Proceeds from land sales	-	-	-	-	-	-	-	391,515	-	-	-	-	97,000	488,515
Total other financing sources (uses)	-	-	-	-	-	-	-	391,515	-	4,576,465	-	6,210,834	547,000	11,725,814
Net change in fund balance	(160,933)	1,935	(432,655)	1,107,838	(379,344)	793	-	456,000	-	1,665,915	262,293	2,951,998	(3,267,972)	2,205,868
Fund balance at beginning of year (as restated)	3,857,707	901,156	3,282,380	5,669,398	12,728,243	929,148	-	797,793	270	3,251,363	3,062,264	2,299,561	4,557,228	41,336,511
Fund balance at end of year	$ 3,696,774	$ 903,091	$ 2,849,725	$ 6,777,236	$ 12,348,899	$ 929,941	$ -	$ 1,253,793	$ 270	$ 4,917,278	$ 3,324,557	$ 5,251,559	$ 1,289,256	$ 43,542,379

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Library Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	$ 3,588,983	$ 3,588,983	$ 3,469,126	$ (119,857)
Intergovernmental	-	-	30,560	30,560
Charges for services	375,000	375,000	327,028	(47,972)
Interest income	45,000	45,000	25,238	(19,762)
Miscellaneous	17,500	17,500	28,197	10,697
Total revenues	4,026,483	4,026,483	3,880,149	(146,334)
Expenditures:				
Current:				
Culture and recreation	4,095,225	4,095,225	4,000,680	94,545
Total current expenditures	4,095,225	4,095,225	4,000,680	94,545
Capital outlay:				
Capital outlay	40,402	40,402	40,402	-
Total expenditures	4,135,627	4,135,627	4,041,082	94,545
Net change in fund balance	$ (109,144)	$ (109,144)	(160,933)	$ (51,789)
Fund balance at beginning of year			3,857,707	
Fund balance at end of year			$ 3,696,774	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest income	$ 1,500	$ 1,500	$ 2,398	$ 898
Miscellaneous	4,500	4,500	-	(4,500)
Total revenues	6,000	6,000	2,398	(3,602)
Expenditures:				
Current:				
Community revitalization	700	700	463	237
Total current expenditures	700	700	463	237
Total expenditures	700	700	463	237
Net change in fund balance	$ 5,300	$ 5,300	1,935	$ (3,839)
Fund balance at beginning of year			901,156	
Fund balance at end of year			$ 903,091	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – CDBG Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ 1,381,762	$ 1,381,762	$ 313,845	$ (1,067,917)
Interest income	2,800	2,800	2,081	(719)
Loan principal repayments	30,000	30,000	-	(30,000)
Loan interest repayments	5,400	5,400	3,310	(2,090)
Miscellaneous	-	-	482	482
Total revenues	1,419,962	1,419,962	319,718	(1,100,244)
Expenditures:				
Current:				
Community revitalization	1,518,137	991,462	752,373	239,089
Total current expenditures	1,518,137	991,462	752,373	239,089
Total expenditures	1,518,137	991,462	752,373	239,089
Net change in fund balance	$ (98,175)	$ 428,500	(432,655)	$ (861,155)
Fund balance at beginning of year			3,282,380	
Fund balance at end of year			$ 2,849,725	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	$ 2,400,000	$ 2,400,000	$ 2,212,115	$ (187,885)
Interest income	15,000	15,000	36,048	21,048
Loan principal repayments	5,000	5,000	-	(5,000)
Loan interest repayments	250	250	-	(250)
Miscellaneous	-	-	261,450	261,450
Total revenues	2,420,250	2,420,250	2,509,613	89,363
Expenditures:				
Current:				
Community revitalization	1,336,341	1,238,549	1,192,979	45,570
Total current expenditures	1,336,341	1,238,549	1,192,979	45,570
Debt service:				
Interest expense	110,000	125,080	170,648	(45,568)
Rent/Lease	-	-	-	-
Principal on debt	110,000	35,648	35,648	-
Service fees on debt	-	2,500	2,500	-
Total debt service	220,000	163,228	208,796	(45,568)
Capital outlay:				
Capital outlay	10,000	-	-	-
Total expenditures	1,566,341	1,401,777	1,401,775	2
Net change in fund balance	$ 853,909	$ 1,018,473	1,107,838	$ 89,365
Fund balance at beginning of year			5,669,398	
Fund balance at end of year			$ 6,777,236	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ 1,117,764	$ 1,117,764	$ 166,223	$ (951,541)
Interest income	5,188	5,188	6,222	1,034
Loan interest repayments	68,044	68,044	18,579	(49,465)
Miscellaneous	416,679	416,679	1,465	(415,214)
Total revenues	1,607,675	1,607,675	192,489	(1,415,186)
Expenditures:				
Current:				
Community revitalization	4,904,262	851,213	571,833	279,380
Total current expenditures	4,904,262	851,213	571,833	279,380
Total expenditures	4,904,262	851,213	571,833	279,380
Net change in fund balance	$ (3,296,587)	$ 756,462	(379,344)	$ (1,694,566)
Fund balance at beginning of year			12,728,243	
Fund balance at end of year			$ 12,348,899	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest income	$ 1,000	$ 1,000	$ 996	$ (4)
Loan principal repayments	100,000	100,000	-	(100,000)
Loan interest repayments	-	-	273	273
Total revenues	101,000	101,000	1,269	(99,731)
Expenditures:				
Current:				
Culture and recreation	101,000	65,110	476	64,634
Total current expenditures	101,000	65,110	476	64,634
Total expenditures	101,000	65,110	476	64,634
Excess (deficiency) of revenues over (under) expenditures	-	35,890	793	(164,365)
Net change in fund balance	$ -	$ 35,890	793	$ (164,365)
Fund balance at beginning of year			929,148	
Fund balance at end of year			$ 929,941	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	$ 75,000	$ 75,000	$ 111,446	$ 36,446
Interest income	4,000	4,000	4,623	623
Miscellaneous	-	-	150,000	150,000
Total revenues	79,000	79,000	266,069	187,069
Expenditures:				
Current:				
Community revitalization	46,090	161,564	201,584	40,020
Total current expenditures	46,090	161,564	201,584	40,020
Total expenditures	46,090	161,564	201,584	40,020
Excess (deficiency) of revenues over (under) expenditures	32,910	(82,564)	64,485	147,049
Other financing sources (uses):				
Proceeds from land sales	-	-	391,515	391,515
Total other financing sources (uses):	-	-	391,515	391,515
Net change in fund balance	$ 32,910	$ (82,564)	456,000	$ 538,564
Fund balance at beginning of year			797,793	
Fund balance at end of year			$ 1,253,793	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Homelessness Prevention Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Community revitalization	-	78,443	-	78,443
Total current expenditures	-	78,443	-	78,443
Total expenditures	-	78,443	-	78,443
Net change in fund balance	$ -	$ (78,443)	-	$ 78,443
Fund balance at beginning of year			270	
Fund balance at end of year			$ 270	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	$ 3,991,493	$ 3,991,493	$ 3,782,841	$ (208,652)
Interest income	9,250	9,250	30,865	21,615
Miscellaneous	-	-	-	-
Total revenues	4,000,743	4,000,743	3,813,706	(187,037)
Expenditures:				
Current:				
Community revitalization	114,298	114,298	1,055	113,243
Total current expenditures	114,298	114,298	1,055	113,243
Debt service:				
Interest	3,359,173	3,359,173	3,923,372	(564,199)
Rent/Lease	-	-	113,298	(113,298)
Principal on debt	4,437,176	4,437,176	2,655,713	1,781,463
Interest - interfund	48,809	48,809	22,068	26,741
Service fees on debt	5,000	5,000	8,750	(3,750)
Total debt service	7,850,158	7,850,158	6,723,201	1,126,957
Total expenditures	7,964,456	7,964,456	6,724,256	1,240,200
Excess (deficiency) of revenues over (under) expenditures	(3,963,713)	(3,963,713)	(2,910,550)	1,053,163
Other financing sources (uses):				
Transfers from other funds	5,021,443	5,021,443	5,043,073	21,630
Transfers to other funds	(466,608)	(466,608)	(466,608)	-
Total other financing sources (uses):	4,554,835	4,554,835	4,576,465	21,630
Net change in fund balance	$ 591,122	$ 591,122	1,665,915	$ 1,074,793
Fund balance at beginning of year			3,251,363	
Fund balance at end of year			$ 4,917,278	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ 6,500,000	$ 18,330,673	$ 873,866	$ (17,456,807)
Interest income	-	-	22,069	22,069
Impact fees	250,000	-	339,244	339,244
Miscellaneous	100,000	96,250	478,877	382,627
Total revenues	6,850,000	18,426,923	1,714,056	(16,712,867)
Expenditures:				
Current:				
Community revitalization	8,357,000	6,049,921	5,529,028	520,893
Total current expenditures	8,357,000	6,049,921	5,529,028	520,893
Total expenditures	8,357,000	6,049,921	5,529,028	520,893
Excess (deficiency) of revenues over (under) expenditures	(1,507,000)	12,377,002	(3,814,972)	(16,191,974)
Other financing sources (uses):				
Transfers from other funds	500,000	500,000	500,000	-
Transfers to other funds	(50,000)	(50,000)	(50,000)	-
Proceeds from land sale	-	-	97,000	-
Total other financing sources (uses):	450,000	450,000	547,000	-
Net change in fund balance	$ (1,057,000)	$ 12,827,002	(3,267,972)	$ (16,191,974)
Fund balance at beginning of year			4,557,228	
Fund balance at end of year			$ 1,289,256	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ -	$ -	$ 97,456	$ 97,456
Interest income	-	-	20,895	20,895
Impact fees	890,000	890,000	547,286	(342,714)
Miscellaneous	-	-	623	623
Total revenues	890,000	890,000	666,260	(223,740)
Expenditures:				
Current:				
Culture and recreation	1,248,275	2,460,976	403,687	2,057,289
Total current expenditures	1,248,275	2,460,976	403,687	2,057,289
Debt service:				
Rent/Lease	-	-	280	(280)
Total debt service	-	-	280	(280)
Capital outlay:				
Capital outlay	-	-	-	-
Total expenditures	1,248,275	2,460,976	403,967	2,057,289
Net change in fund balance	$ (358,275)	$ (1,570,976)	262,293	$ 1,833,549
Fund balance at beginning of year			3,062,264	
Fund balance at end of year			$ 3,324,557	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	$ -	$ -	$ 260,354	$ 260,354
Interest income	-	-	12,948	12,948
Total revenues	-	-	273,302	273,302
Expenditures:				
Current:				
Community revitalization	8,185,040	3,490,049	3,490,049	-
Total current expenditures	8,185,040	3,490,049	3,490,049	-
Capital outlay:				
Capital outlay	42,089	42,089	42,089	-
Total expenditures	8,227,129	3,532,138	3,532,138	-
Excess (deficiency) of revenues over (under) expenditures	(8,227,129)	(3,532,138)	(3,258,836)	273,302
Other financing sources (uses):				
Transfers from other funds	1,781,393	1,781,393	1,531,393	(250,000)
Transfers to other funds	(651,000)	(651,000)	(820,559)	(169,559)
Bond proceeds	7,302,214	7,302,214	5,500,000	(1,802,214)
Total other financing sources (uses):	8,432,607	8,432,607	6,210,834	(2,221,773)
Net change in fund balance	$ 205,478	$ 4,900,469	2,951,998	$ (1,948,471)
Fund balance at beginning of year			2,299,561	
Fund balance at end of year			$ 5,251,559	

PROVO CITY CORPORATION
Combining Statement of Net Position – Internal Service Funds
June 30, 2016

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Telecom	Total Internal Service Funds
Assets									
Current Assets:									
Cash	$ 510,588	$ 3,773,746	$ 1,642,028	$ 1,682,170	$ 437,536	$ -	$ 148,358	$ 1,779,033	$ 9,973,459
Inventory	30,100	-	-	121,868	-	-	-	-	151,968
Total Current Assets	540,688	3,773,746	1,642,028	1,804,038	437,536	-	148,358	1,779,033	10,125,427
Capital Assets									
Non Depreciable assets	-	-	-	-	-	-	-	31,166	31,166
Depreciable assets	230,806	8,582	-	10,447,357	217,166	-	99,040	52,045	11,054,996
Net Capital Assets	230,806	8,582	-	10,447,357	217,166	-	99,040	83,211	11,086,162
Other Assets:									
Due from other funds	-	-	-	2,700,044	-	300,093	-	-	3,000,137
Net pension asset	267	-	-	68	-	-	135	-	470
Total Other Assets	267	-	-	2,700,112	-	300,093	135	-	3,000,607
Total Assets	771,761	3,782,328	1,642,028	14,951,507	654,702	300,093	247,533	1,862,244	24,212,196
Deferred outflows of resources									
Deferred outflows related to pensions	229,671	-	-	59,448	-	-	114,796	-	403,915
Total deferred outflows of resources	229,671	-	-	59,448	-	-	114,796	-	403,915
Liabilities:									
Current Liabilities									
Accounts payable	15,624	37,330	7,947	731,540	15,486	-	57,903	-	865,830
Accrued liabilities	59,385	1,942,478	301,060	13,834	-	-	13,737	-	2,330,494
Due within one year:									
Accrued Compensated Absences	52,059	-	-	15,663	-	-	14,840	-	82,562
Total Current Liabilities	127,068	1,979,808	309,007	761,037	15,486	-	86,480	-	3,278,886
Noncurrent Liabilities									
Due to other funds	2,336	-	-	-	-	300,093	19,779	-	322,208
Accrued compensated absences	121,471	-	-	36,548	-	-	34,627	-	192,646
Net OPEB payable	16,449	-	-	7,047	-	-	7,824	-	31,320
Net pension liability	491,917	-	-	127,328	-	-	245,877	-	865,122
Total Noncurrent Liabilities	632,173	-	-	170,923	-	300,093	308,107	-	1,411,296
Total Liabilities	759,241	1,979,808	309,007	931,960	15,486	300,093	394,587	-	4,690,182
Deferred inflows of resources									
Deferred inflows related to pensions	70,466	-	-	18,239	-	-	35,220	-	123,925
Total deferred infllows of resources	70,466	-	-	18,239	-	-	35,220	-	123,925
Net Position									
Net investment in capital assets	230,806	8,582	-	10,447,357	217,166	-	99,040	83,211	11,086,162
Unrestricted	(59,081)	1,793,938	1,333,021	3,613,399	422,050	-	(166,518)	1,779,033	8,715,842
Total Net Position	$171,725	$1,802,520	$1,333,021	$14,060,756	$639,216	$0	($67,478)	$1,862,244	$19,802,004

PROVO CITY CORPORATION
Combining Statement of Revenue, Expenses, and Changes in Net Position – Internal Service Funds
For the Year Ended June 30, 2016

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Telecom	Total Internal Service Funds
Operating Revenues:									
Charges for services	$ 2,587,368	$ 2,436,176	$ 1,165,410	$ 6,287,982	$ 594,308	$ -	$ 865,694	$ 275,000	$ 14,211,938
Miscellaneous	27,296	476,153	-	8,275	10,800	-	7,597	192,726	722,847
Total operating revenues	2,614,664	2,912,329	1,165,410	6,296,257	605,108	-	873,291	467,726	14,934,785
Operating expenses:									
Salaries and wages	1,151,934	200,048	56,337	326,188	-	-	320,697	-	2,055,204
Employee benefits	538,177	928	36,495	200,921	-	-	183,515	-	960,036
Operating expenses	915,736	2,296,310	1,212,629	2,306,227	487,980	-	461,835	113,230	7,793,947
Depreciation	56,069	3,517	-	2,819,104	64,885	-	8,163	21,848	2,973,586
Total operating expenses	2,661,916	2,500,803	1,305,461	5,652,440	552,865	-	974,210	135,078	13,782,773
Operating income (loss)	(47,252)	411,526	(140,051)	643,817	52,243	-	(100,919)	332,648	1,152,012
Nonoperating revenues (expenses)									
Interest income	2,384	20,168	8,131	16,677	3,526	4,344	731	-	55,961
Interest on debt	-	-	-	(1,783)	-	(4,344)	-	-	(6,127)
Gain (loss) on disposition of assets	-	-	-	99,879	-	-	-	-	99,879
Total nonoperating revenues (expenses)	2,384	20,168	8,131	114,773	3,526	-	731	-	149,713
Income (loss) before transfers	(44,868)	431,694	(131,920)	758,590	55,769	-	(100,188)	332,648	1,301,725
Transfers									
Transfers from other funds	98,112	-	-	354,054	-	-	-	-	452,166
Transfers to other funds	-	-	-	(139,963)	-	-	-	-	(139,963)
Total transfers	98,112	-	-	214,091	-	-	-	-	312,203
Change in net position	53,244	431,694	(131,920)	972,681	55,769	-	(100,188)	332,648	1,613,928
Net Position - beginning of year	118,481	1,370,826	1,464,941	13,088,075	583,447	-	32,710	1,529,596	18,188,076
Net Position - end of year	$ 171,725	$ 1,802,520	$ 1,333,021	$ 14,060,756	$ 639,216	$ -	$ (67,478)	$ 1,862,244	$ 19,802,004

PROVO CITY CORPORATION
Combining Statement of Cash Flows – Internal Service Funds
For the Year Ended June 30, 2016

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Telecom	Total Internal Service Funds
Cash flows from operating activities:									
Receipts from customers and users	$ 2,614,664	$ 2,912,329	$ 1,165,410	$ 6,297,034	$ 605,108	$ -	$ 873,291	$ 478,136	$ 14,945,972
Payments to suppliers	(1,056,417)	(2,270,460)	-	(1,795,082)	(577,397)	-	(409,142)	(157,115)	(6,265,613)
Payments to employees	(1,690,829)	(200,976)	(92,832)	(534,817)	-	-	(519,122)	-	(3,038,576)
Payments for claims	-	-	(1,205,782)	-	-	-	-	-	(1,205,782)
Net cash provided (used) by operating activities	(132,582)	440,893	(133,204)	3,967,135	27,711	-	(54,973)	321,021	4,436,001
Cash flows from noncapital financing activities:									
Loans due from other funds	-	17,279	-	(2,726,493)	-	304,043	36,410	-	(2,368,761)
Loans due to other funds	2,336	-	-	26,449	-	(261,063)	19,779	-	(212,499)
Transfers from other funds	98,112	-	-	354,054	-	-	-	-	452,166
Transfers to other funds	-	-	-	(139,963)	-	-	-	-	(139,963)
Net cash provided (used) by noncapital financing activities	100,448	17,279	-	(2,485,953)	-	42,980	56,189	-	(2,269,057)
Cash flows from capital and related financing activities:									
Payments for capital acquisitions	-	-	-	(2,632,121)	(113,632)	-	-	-	(2,745,753)
Principal paid on notes and lease payable	-	-	-	(351,532)	-	(42,980)	-	-	(394,512)
Interest paid on notes & lease payable	-	-	-	(2,522)	-	(4,344)	-	-	(6,866)
Net cash provided (used) by capital and related financing activities	-	-	-	(3,126,138)	(113,632)	(47,324)	-	-	(3,287,094)
Cash flows from investing activities:									
Receipts of interest	2,384	20,168	8,131	16,677	3,526	4,344	731	-	55,961
Net cash provided by investing activities	2,384	20,168	8,131	16,677	3,526	4,344	731	-	55,961
Net increase (decrease) in cash	(29,750)	478,340	(125,073)	(1,628,279)	(82,395)	-	1,947	321,021	(1,064,189)
Cash at beginning of year	540,338	3,295,406	1,767,101	3,310,449	519,931	-	146,411	1,458,012	11,037,648
Cash at end of year	$ 510,588	$ 3,773,746	$ 1,642,028	$ 1,682,170	$ 437,536	$ -	$ 148,358	$ 1,779,033	$ 9,973,459
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ (47,252)	$ 411,526	$ (140,051)	$ 643,817	$ 52,243	$ -	$ (100,919)	$ 332,648	$ 1,152,012
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation	56,069	3,517	-	2,819,104	64,885	-	8,163	21,848	2,973,586
Changes in assets and liabilities:									
Decrease (increase) in accounts receivable	-	-	-	777	-	-	-	10,410	11,187
Decrease (increase) in inventory	5,699	-	-	(3,578)	-	-	-	-	2,121
Increase (decrease) in accounts payable	(146,380)	30,463	7,882	506,698	(89,417)	-	41,579	(43,885)	306,940
Increase (decrease) in accrued liabilities	(22,114)	(4,613)	(1,035)	(6,118)	-	-	(12,190)	-	(46,070)
Increase (decrease) in accrued compensated absences	21,396	-	-	6,435		-	8,394	-	36,225
Net cash provided (used) by operating activities	$ (132,582)	$ 440,893	$ (133,204)	$ 3,967,135	$ 27,711	$ -	$ (54,973)	$ 321,021	$ 4,436,001

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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 wand 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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	$ 259,505	$ 270,953	$ 234,360	$ 240,328	$ 200,011	$ 257,442	$ 256,354	$ 295,912	$ 302,153	$ 297,887
Restricted	8,561	5,520	6,967	5,785	7,023	5,669	8,575	10,213	9,152	9,012
Unrestricted	48,970	51,230	90,323	85,202	123,775	82,645	62,192	34,584	21,064	32,769
Total governmental activities net position	$ 317,037	$ 327,703	$ 331,650	$ 331,315	$ 330,809	$ 345,756	$ 327,121	$ 340,709	$ 332,369	$ 339,668
Business type activities										
Net investment in capital assets	$ 151,084	$ 156,163	$ 150,016	$ 155,515	$ 161,660	$ 162,495	$ 174,365	$ 184,123	$ 195,163	$ 206,938
Restricted	8,723	7,682	5,975	9,433	10,535	11,550	2,114	1,452	1,554	1,790
Unrestricted	25,674	17,767	26,369	17,251	18,132	23,769	36,517	41,333	40,028	45,326
Total business-type activities net position	$ 185,482	$ 181,612	$ 182,360	$ 182,199	$ 190,327	$ 197,813	$ 212,996	$ 226,908	$ 236,745	$ 254,054
Primary government										
Net investment in capital assets	$ 410,590	$ 427,116	$ 384,376	$ 395,843	$ 361,671	$ 419,936	$ 430,719	$ 480,035	$ 497,316	$ 504,825
Restricted	17,284	13,202	12,942	15,219	17,557	17,219	10,689	11,665	10,706	10,802
Unrestricted	74,644	68,997	116,692	102,453	141,907	106,414	98,709	75,917	61,092	78,096
Total primary government net position	$ 502,518	$ 509,315	$ 514,010	$ 513,515	$ 521,136	$ 543,569	$ 540,117	$ 567,617	$ 569,114	$ 593,722

PROVO CITY CORPORATION
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	$ 13,757,896	$ 16,838,293	$ 15,822,045	$ 14,551,210	$ 17,545,606	$ 13,825,444	$ 13,954,338	$ 16,413,265	$ 10,446,120	$ 15,094,178
Public safety	20,807,099	22,048,973	23,139,485	21,951,681	22,667,366	22,673,016	24,565,965	26,060,376	29,587,970	29,556,038
Public services	5,685,642	6,230,865	7,371,275	6,811,313	6,878,502	7,019,330	7,290,403	3,530,835	5,433,480	4,333,204
Community revitalization	3,793,944	2,470,576	5,118,755	2,184,407	4,129,887	2,840,223	4,048,016	15,226,330	3,806,559	10,815,047
Culture and Recreation	9,626,041	11,049,923	12,265,530	11,840,073	11,533,298	11,463,920	12,256,143	6,601,685	20,294,364	16,249,311
Interest on long-term debt	1,449,204	1,353,669	2,945,656	2,748,353	2,574,376	2,757,148	3,707,262	3,867,154	3,405,382	3,253,889
Total governmental activities expenses:	55,119,826	59,992,299	66,662,746	60,087,037	65,329,035	60,579,081	65,822,127	71,699,645	72,973,875	79,301,667
Business-type activities:										
Golf course	1,171,111	1,166,414	1,172,276	982,886	983,079	1,053,754	1,052,088	992,369	1,019,338	1,141,607
Water	5,110,395	5,663,140	5,467,837	5,435,207	5,402,807	5,196,862	5,533,038	7,204,403	7,904,688	7,973,382
Sewer	3,820,299	3,985,857	4,191,024	3,984,906	3,907,991	3,379,405	3,446,357	4,230,141	5,287,897	5,310,180
Energy	43,523,179	45,436,747	45,022,457	44,635,098	48,952,619	51,274,077	51,751,914	53,976,637	58,138,440	57,763,462
Airport	2,707,682	1,911,446	2,334,763	1,745,972	1,360,835	1,498,158	2,061,008	1,719,947	1,839,029	1,906,741
Utility transportaion										1,946,733
Sanitation	2,710,049	2,995,924	3,045,662	3,048,964	3,221,859	3,560,083	3,191,451	3,939,018	4,498,128	2,341,642
Storm drain	1,471,205	1,909,129	1,912,020	1,847,081	1,797,059	2,024,820	1,978,902	2,101,482	2,651,205	2,523,765
Telecommunications	5,633,474	7,364,111	(672,292)	-	-	1,888,716	3,888,255	-		
Total business-type activities expenses	66,147,394	70,432,768	62,473,747	61,680,114	65,626,249	69,875,875	72,903,013	74,163,997	81,338,725	80,907,512
Total primary government expenses	$ 121,267,220	$ 130,425,067	$ 129,136,493	$ 121,767,151	$ 130,955,284	$ 130,454,956	$ 138,725,140	$ 145,863,642	$ 154,312,600	$ 160,209,179
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 4,653,914	$ 3,988,956	$ 4,652,151	$ 4,516,754	$ 5,326,761	$ 4,835,523	$ 4,530,922	$ 690,216	$ 2,492,797	$ 2,174,918
Public safety	2,492,034	1,653,576	1,411,838	1,609,902	2,148,201	1,186,789	1,829,277	1,885,472	1,803,240	1,948,547
Public services	150	550	70,602	34,999	99,315	179,750	266,274	614,765	1,167,202	817,255
Community revitalization	525,868	637,847	1,162,629	1,190,883	(162,154)	484,483	395,934	1,883,310	1,891,662	3,822,107
Culture and Recreation	1,626,404	1,604,084	1,654,694	1,711,533	1,741,247	1,699,689	2,524,329	4,676,859	5,214,075	5,694,551
Operating grants and contributions	8,909,223	9,255,098	8,002,795	6,827,978	8,355,345	11,801,818	9,739,605	14,389,040	13,385,474	12,882,537
Capital grants and contributions	9,945,922	4,027,075	7,699,771	115,823	146,504	492,655	996,567	234,646	70,635	29,838
Total governmental activities program revenues	28,153,515	21,167,186	24,654,480	16,007,872	17,655,219	20,680,707	20,282,908	24,374,308	26,025,085	27,369,753
Business-type activities:										
Charges for services:										
Golf Course	683,366	544,880	465,469	532,722	514,414	548,169	556,005	620,765	775,243	809,593
Water	6,941,876	6,289,036	6,580,030	6,323,416	7,254,338	7,924,920	8,537,155	8,885,615	9,181,433	11,261,939
Sewer	5,846,415	5,030,714	4,866,018	4,953,298	5,590,397	5,393,304	5,549,311	5,110,036	6,028,493	8,094,637
Energy	47,465,182	45,955,835	46,288,566	45,791,657	52,170,100	59,227,359	62,988,867	66,169,618	68,259,149	71,028,670
Airport	166,345	184,416	230,445	211,546	235,591	221,062	223,228			
Utility transportaion									2,384,790	2,406,091
Sanitation	3,088,421	2,979,286	3,138,432	3,160,804	3,318,996	3,943,935	4,027,015	4,089,239	4,421,366	4,525,973
Storm drain	2,247,636	1,970,135	2,162,005	2,105,667	2,146,459	2,371,254	2,386,427	2,343,445	2,813,610	3,699,439
Telecommunications	2,921,451	2,905,955	-	-	-	571,819	1,482,726	-		
Operating grants and contributions	1,987,468	576,388	1,894,690	331,499	1,542,051	1,271,091	912,985	4,236,846	3,131,992	2,083,072
Capital grants and contributions	1,531,162	474,700	448,117	289,940	481,452	-	945,298	444,333	8,724,479	5,428,944
Total business-type activities program revenue	72,879,322	66,911,345	66,073,772	63,700,549	73,253,798	81,472,913	87,609,017	91,899,897	105,720,555	109,338,358
Total primary government program revenues	$ 101,032,837	$ 88,078,531	$ 90,728,252	$ 79,708,421	$ 90,909,017	$ 102,153,620	$ 107,891,925	$ 116,274,205	$ 131,745,640	$ 136,708,111
Net (expense)/revenue										
Governmental activities	$ (26,966,311)	$ (38,825,113)	$ (42,008,266)	$ (44,079,165)	$ (47,673,816)	$ (39,898,374)	$ (45,539,219)	$ (47,325,337)	$ (46,948,789)	$ (51,931,914)
Business-type activities	6,731,928	(3,521,423)	3,600,025	2,020,435	7,627,549	11,597,038	14,706,004	17,735,900	24,381,830	28,430,846
Total primary government net expense	$ (20,234,383)	$ (42,346,536)	$ (38,408,241)	$ (42,058,730)	$ (40,046,267)	$ (28,301,336)	$ (30,833,215)	$ (29,589,437)	$ (22,566,959)	$ (23,501,068)

PROVO CITY CORPORATION
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes In Net Position										
Governmental revenues:										
Property taxes	$ 11,644,404	$ 11,101,961	$ 11,436,660	$ 11,627,866	$ 12,164,999	$ 13,537,074	$ 14,089,302	$ 14,523,823	$ 15,073,906	$ 13,392,417
Vehicle	1,193,551	1,194,235	889,746	905,686	858,068	879,969	901,678	925,744	957,751	841,044
Sales taxes	17,495,470	17,408,839	15,121,906	13,961,851	14,287,871	15,199,015	15,811,183	16,431,948	17,005,890	17,427,786
Franchise taxes	7,433,141	7,622,671	7,503,038	7,401,878	7,716,189	8,435,172	9,139,437	9,210,230	8,968,660	9,048,377
Joint venture gain(loss)					316,065	-				
Investment earnings	2,583,560	2,112,324	2,916,499	2,268,077	2,217,494	242,580	369,740	694,827	433,330	620,547
Gain on sale of capital assets	-	-	-	-	-	-		208,663	37,960	1,687,243
Miscellaneous	5,264,893	4,041,968	4,219,321	762,696	4,105,425	3,579,035	2,856,860	6,694,262	1,899,668	1,900,632
Special Item										
Interfund loan write-off					5,357,316	-	-			
Extraordinary Item										
Provision for receivable write-down	-	-	-	-	(12,773,517)	-	-			
Transfers	4,889,399	6,009,535	5,842,627	6,816,084	6,729,473	7,317,330	12,003,399	12,223,406	13,176,393	15,116,342
Total governmental activities	50,504,418	49,491,533	47,929,797	43,744,138	40,979,383	49,190,175	55,171,599	60,912,903	57,553,558	60,034,388
Business Activities										
Joint venture gain(loss)					(550,846)	126,178				
Investment earnings	2,028,434	1,437,534	626,682	253,983	54,500	1,886,348	174,346	205,319	320,033	671,981
Gain on sale of capital assets	-	-	-			-		(247,413)		
Miscellaneous	4,230,729	4,223,547	2,620,491	4,380,829	4,062,154	6,848,997	6,525,809	8,442,363	2,126,041	3,322,887
Special Item										
Interfund loan write-off					(5,357,316)	-				
Loss on sale of assets							(22,486,508)			
Transfers	(4,889,399)	(6,009,535)	(5,842,627)	(6,816,084)	(6,729,473)	(7,317,330)	(12,003,399)	(12,223,406)	(13,176,393)	(15,116,342)
Total business-type activities	1,369,764	(348,454)	(2,595,454)	(2,181,272)	(8,520,981)	1,544,193	(27,789,752)	(3,823,137)	(10,730,319)	(11,121,474)
Total primary government	51,874,182	49,143,079	45,334,343	41,562,866	32,458,402	50,734,368	27,381,847	57,089,766	46,823,239	48,912,914
Change in Net Position										
Governmental activities	23,538,107	10,666,420	5,921,531	(335,027)	(6,694,433)	9,291,801	9,632,380	13,587,566	10,604,769	8,102,474
Business-type activities	8,101,692	(3,869,877)	1,004,571	(160,838)	(893,432)	13,141,231	(13,083,748)	13,912,763	13,651,511	17,309,372
Total primary government	$ 31,639,799	$ 6,796,543	$ 6,926,102	$ (495,865)	$ (7,587,865)	$ 22,433,032	$ (3,451,368)	$ 27,500,329	$ 24,256,280	$ 25,411,846

PROVO CITY CORPORATION
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016
General fund						
Nonspendable	47	$ 49	$ 36	$ 61	$ 47	$ 86
Restricted	$ 4,225	3,649	4,046	7,487	2,287	2,897
Assigned	$ 640	1,433	2,135	2,211	1,968	2,002
Unassigned	8,547	7,639	8,977	5,019	8,634	11,171
Total general fund	$ 13,459	$ 12,770	$ 15,194	$ 14,778	$ 12,936	$ 16,156
All other governmental funds						
Nonspendable	$ 11,811	$ 15	$ -	$ -	$ 16,722	$ 14,640
Restricted	40,389	23,943	2,843	17,009	16,293	19,145
Assigned	17,797	17,322	18,190	6,297	9,126	9,757
Unassigned	(1,709)	-	-	(741)	-	
Total all other governmental funds	$ 68,288	$ 41,280	$ 21,033	$ 22,565	$ 42,141	$ 43,542

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	$ 37,767	$ 37,328	$ 34,951	$ 33,897	$ 35,027	$ 38,051	$ 39,942	$ 41,092	$ 42,006	$ 40,710
Licenses and permits	1,725	1,032	1,080	860	1,231	1,046	1,301	1,699	1,777	2,933
Intergovernmental	8,909	9,255	8,003	6,828	8,413	11,786	9,755	10,476	11,547	5,882
Charges for services	4,948	4,035	4,536	4,713	3,632	4,695	5,425	7,958	8,946	10,038
Fine and forfeitures	896	1,609	2,397	2,372	2,138	1,767	1,547	1,577	1,739	1,682
Impact fees	1,652	484	547	374	1,236	685	695	1,034	1,635	887
Interest income	2,204	1,795	734	245	245	253	239	212	211	285
Loan principal repayments	1,299	1,020	2,970	1,184	1,740	1,023	712	704		
Loan interest repayments	76	64	2,007	2,059	2,048	48	32	21	101	22
Lease income	729	726	735	790	743	33	36	18	20	88
Miscellaneous	5,951	4,930	4,829	4,196	5,392	4,394	3,869	6,694	3,275	4,114
Total revenues	66,157	62,279	62,789	57,518	61,845	63,781	63,553	71,485	71,257	66,641
Expenditures:										
Current:										
General government	9,546	10,100	8,259	10,169	10,690	11,275	12,169	12,714	11,246	12,254
Public safety	20,511	21,220	22,475	21,253	21,438	23,179	24,541	25,322	26,576	27,007
Public services	2,969	3,178	3,192	2,758	2,862	3,182	3,497	9,059	6,798	5,094
Culture and recreation	9,862	11,735	11,260	11,101	10,946	11,174	11,995	15,359	18,600	15,039
Community revitalization	11,133	9,500	12,132	7,456	9,138	8,011	7,231	13,441	10,102	14,920
Total current expenditures	54,021	55,733	57,318	52,737	55,074	56,821	59,433	75,895	73,322	74,314
Debt service:										
Interest	1,543	1,411	2,994	2,807	2,402	2,364	3,525	3,381	3,265	4,095
Rent/Lease Principal	182	214	215	211	149	123	52	152	289	274
Principal on debt	3,925	4,130	4,635	5,151	11,761	2,901	4,389	4,536	4,749	2,691
Service fees on debt	13	13	15	13	33	8	10	91	15	11
Interest - interfund	52	194	293	291	356	120	113	37	87	22
Debt cost of issuance	-	-	-	-	469	-	-	-		
Total debt service	5,715	5,962	8,152	8,473	15,170	5,516	8,089	8,197	8,405	7,093
Capital outlay:										
Capital outlay	13,940	10,321	4,123	4,156	2,283	24,940	27,271	750	474	887
Total expenditures	73,676	72,016	69,593	65,366	72,527	87,277	94,793	84,842	82,201	82,294
Excess (deficiency) of revenues over (under) expenditures	(7,519)	(9,737)	(6,804)	(7,848)	(10,682)	(23,496)	(31,240)	(13,357)	(10,944)	(15,653)
Other financing sources (uses):										
Transfers from other funds	22,068	21,550	13,753	13,828	55,229	15,467	16,056	16,624	20,912	17,605
Transfers to other funds	(17,899)	(16,224)	(11,383)	(7,730)	(49,038)	(8,568)	(5,550)	(5,029)	(9,203)	(2,801)
Note proceeds	-		-		-	-		544		5,500
Proceeds of bonds	-		-		45,280	-		2,334		
Sale of assets	(32)	370	61	51	487	650	291		975	775
Total other financing sources (uses)	4,137	5,696	2,431	6,149	51,958	7,549	10,797	14,473	12,684	21,079
Special item:										
Interfund loan write-off	-	-	-	-	5,357	-	-	-	-	-
Net change in fund balances	(3,382)	(4,041)	(4,373)	(1,699)	46,633	(15,947)	(20,443)	1,116	1,740	5,426
Fund balance										
Fund balance beginning of year restated	40,815	37,433	31,186	26,814	25,114	69,998	56,670	36,226	53,337	54,273
Prior period adjustment	-	-	-	-	-	-	-		(804)	
Fund balance at end of year	$ 37,433	$ 33,392	$ 26,814	$ 25,115	$ 71,747	$ 54,050	$ 36,226	$ 37,342	$ 54,273	$ 59,699
Debt service to noncapital expenses ratio	10.58%	10.70%	14.22%	16.07%	27.54%	9.71%	13.61%	10.80%	11.46%	9.54%

PROVO CITY CORPORATION
General Governmental Tax Revenue by Source (1)
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

FISCAL YEAR	GENERAL PROPERTY TAX (2)	SALES TAX (3)	LODGING TAX	FRANCHISE TAX	TOTAL TAX REVENUE
2007	12,838	17,149	346	7,433	37,766
2008	12,296	17,060	349	7,623	37,328
2009	12,326	14,802	320	7,503	34,951
2010	12,533	13,671	291	7,402	33,897
2011	13,023	13,996	291	7,716	35,027
2012	14,417	14,910	289	8,435	38,052
2013	14,991	15,462	350	8,961	39,765
2014	15,450	16,076	325	7,552	39,403
2015	14,591	16,625	380	8,859	40,455
2016	14,331	17,010	410	8,959	40,710

(1) Includes the General, Debt Service, and Special Revenue Funds.
(2) Includes payments in lieu of taxes.
(3) The municipal portion of Sales Tax is 1.0% with half determined by point of sale and half by population

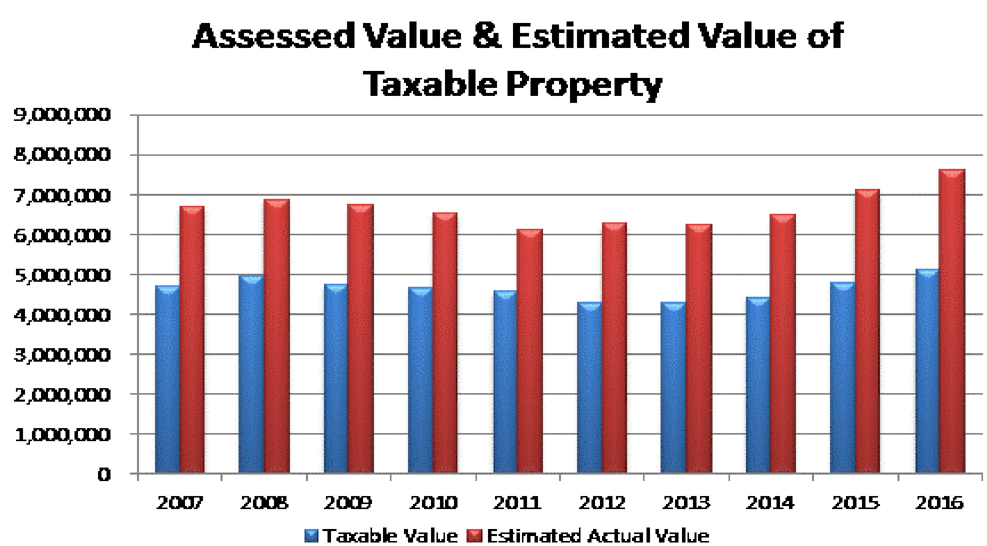
City is entitled to receive 1% of the sales tax revenue collected by the State of Utah

PROVO CITY CORPORATION
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Real Property	Personal Property	Centrally Assessed**	Taxable Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Txable Value To Total Estimated Actual Value
	TAXABLE VALUE (1)						
2007	4,353,064	339,423		4,692,487	0.002236	6,723,109	69.80%
2008	4,598,227	365,762		4,963,989	0.002122	6,884,010	72.11%
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%

(1) Source: Utah County Auditor

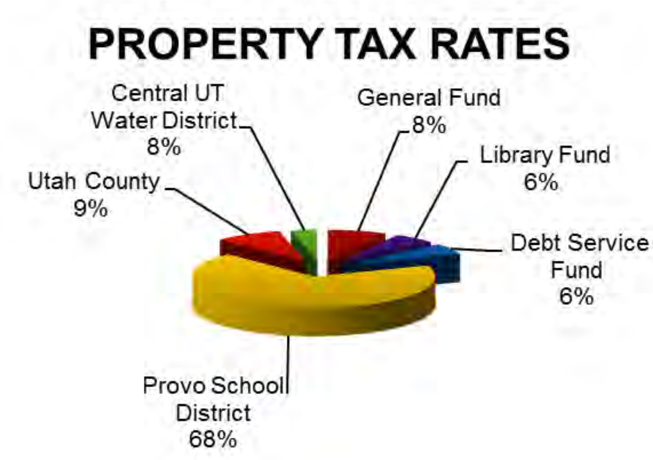
** 2012 added Centrally Assessed Column



PROVO CITY CORPORATION
STATE OF UTAH
Property Tax Rates-Direct and Overlapping Governments
BASED ON $1,000 ASSESSED VALUATION
Last Ten Fiscal Years
(unaudited)

	City of Provo				Other Taxing Entities (1)			
Calendar Year	General Fund	Library Fund	Debt Service Fund	Total	Provo School District	Utah County	Central UT Water District	Total Tax Rate
2007	0.000882	0.000652	0.000702	0.002236	0.005239	0.008430	0.000302	0.013971
2008	0.000846	0.000626	0.000650	0.002122	0.006214	0.000809	0.000286	0.007309
2009	0.000915	0.000677	0.000715	0.002307	0.006639	0.000878	0.000400	0.007917
2010	0.000951	0.000703	0.000740	0.002394	0.006706	0.001108	0.000421	0.008235
2011	0.001032	0.000763	0.001048	0.002843	0.007153	0.001342	0.000436	0.008931
2012	0.001053	0.000779	0.001200	0.003032	0.007319	0.001324	0.000455	0.009098
2013	0.001035	0.000766	0.001155	0.002956	0.007094	0.001259	0.000446	0.008799
2014	0.000976	0.000723	0.001076	0.002775	0.006636	0.001149	0.000422	0.008207
2015	0.000964	0.000699	0.000714	0.002377	0.007568	0.001098	0.000405	0.009071
2016	0.000914	0.000663	0.000662	0.002239	0.007883	0.001049	0.000400	0.009332

(1) SOURCE: Utah County Auditor



PROVO CITY CORPORATION
Principal Property Tax Payers

Taxpayer	2016 Taxable Assessed Value	2016 Percentage of Total Taxable Assessed Value	2007 . Assessed Value	2007 Rank	2007 Percentage of Total Taxable Assessed Value
Nu Skin International Inc	$ 67,482	1.41%	$ 43,000	1	0.90%
Sir Properties Trust	50,899	1.06%	29,769	4	0.62%
Central Utah Investment Company LLC	35,877				
SIR Properties Trust	30,416	0.63%			
Timpanogos Land Holdings LLC	27,616		29,676	5	0.62%
Provo Mall LLC	27,299	0.57%	14,227	9	0.30%
Questar Gas	26,478	0.55%			
Union Pacific Railroad Company	22,585	0.47%			
Peak Joaquin Holdings LLC	21,318	0.44%			
Centurylink Inc	19,243	0.40%			
HRA Branbury Park LLC	17,271	0.36%			
Freight Line Properties LLC	15,322		12,013	10	0.25%
B H Provo LLC	14,687				
Tigriswoods LLC	14,427	0.30%			
CCA - Riverside Plaza LLC	14,376	0.30%			
KC Gardner Riverwoods	14,023	0.29%			
Utah Vallye Medial Offices	13,798	0.29%			
Sundance Partners LTD	13,636		11,252	12	0.24%
Provo Mall LLC	13,012	0.27%			
1565 North LLC	12,543	0.26%			
PMH Investors LLC	11,904	0.25%			
Liberty Square Investors LLC	11,867	0.25%			
Wells Fargo Bank	11,555	0.24%			
1849 North LLC	11,251	0.23%			
Nu Skin International Inc	10,990	0.23%			
Freight Line Properties LLC	10,353				
TCP-Provo LLC	10,006	0.21%			
Sams Real Estate Business Trust	9,940				
Vintage Properties LP	9,854	0.21%			
Verizon Wireless	9,768	0.20%	10,730	16	0.22%
Dillard USA Inc	9,712	0.20%			
Action Commercial Park LLC	9,530				
MPT of Provo LLC	9,272	0.19%			
HD Development of Maryland Inc	9,104				
Riverwoods Medical Art Center	8,992	0.19%			
			32,008	2	0.67%
Qwest Corp			31,020	3	0.65%
Novell Inc			20,350	6	0.43%
Scrub Oak LTD			17,500	7	0.37%
Tropical Development LLC			16,081	8	0.34%
Terranet Investments LC			11,290	11	0.24%
PDC Community Centers LLC			11,195	13	0.23%
Medical Center Company			11,084	14	0.23%
IHC Hospitals Inc			11,021	15	0.23%
Parkway Village Provo Holdings LLC			10,713	17	0.22%
East Bay Center LLC			10,316	18	0.22%
Peak Provo LLC			10,190	19	0.21%
Utah Valley Specialty Hospital Inc			9,649	20	0.20%
Aspen Investments LTD					
Total assessed value for Provo	$ 4,793,440	100%	$ 4,777,595		

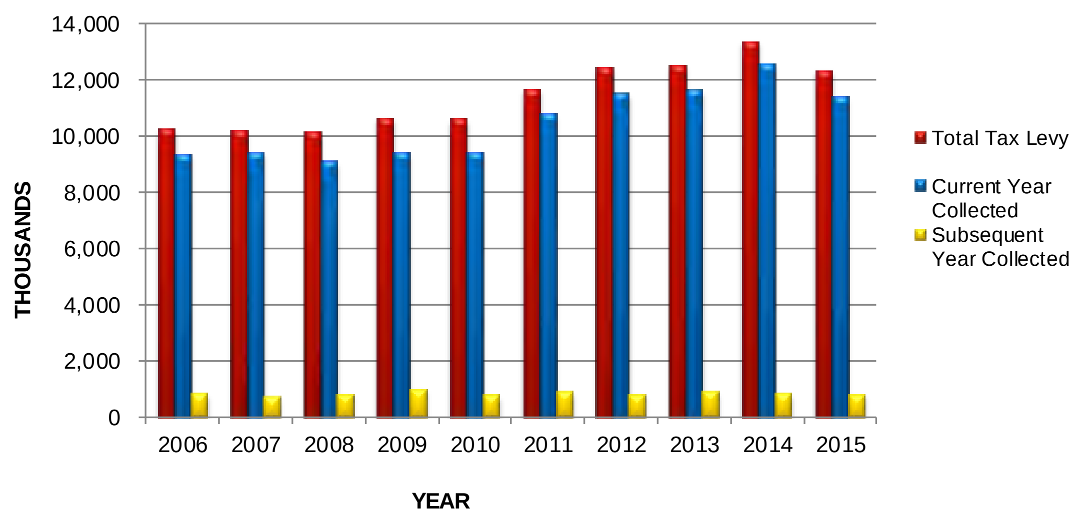
includes real property only

does not include any government, utilities, or phone company property

PROVO CITY CORPORATION
Property Tax Levies and Collections
Last Ten Calendar Years
(amounts expressed in thousands)
(unaudited)

Calendar Year Ended December 31	Total Tax Levy for Calendar Year	Total Adjusted Tax Levy	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Assessment
2006	10,225	10,225	9,348	91.42%	815	10,163	99.39%
2007	10,169	10,169	9,418	92.61%	690	10,108	99.40%
2008	10,111	10,111	9,060	89.61%	791	9,851	97.43%
2009	10,617	10,617	9,383	88.38%	973	10,356	97.54%
2010	10,596	10,596	9,397	88.68%	757	10,154	95.83%
2011	11,655	11,662	10,791	92.59%	871	11,662	100.00%
2012	12,443	12,443	11,513	92.53%	776	12,289	98.76%
2013	12,498	12,498	11,631	93.06%	884	12,515	100.14%
2014	13,361	13,361	12,583	94.18%	815	13,398	100.28%
2015	12,339	12,339	11,384	92.26%	785	12,169	98.62%

Source: Utah Co. Auditor



*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.

PROVO CITY CORPORATION
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

	Governmental Activities				Business-Type Activities				(Provo-Orem)	(Provo)
Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income *	Per Capita *
2007	18,360	4,345	5,134	2,691	70,158	-	10	100,698	0.02%	850
2008	16,245	3,795	3,726	2,438	65,652	-	-	91,856	0.04%	761
2009	13,995	38,740	3,291	2,174	25,421	-	-	83,621	0.03%	680
2010	11,650	36,690	2,536	1,899	24,819	-	-	77,594	0.03%	690
2011	47,990	34,550	1,788	1,613	20,445	-	-	106,386	0.02%	928
2012	45,450	1,785	458	1,746	47,043	-	-	96,482	0.03%	832
2013	42,850	1,685	327	1,371	40,718	-	-	86,951	0.02%	748
2014	41,039	31,699	188	919	6,257	-	-	80,102	0.02%	676
2015	37,420	27,625	43	463	44,985	-	-	110,536	N/A	959
2016	35,810	25,670	-	5,500	42,870	-	-	109,850	N/A	N/A

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

Note: * Population data and personal income can be found in the Schedule of Demographic and Economic Statistics.

PROVO CITY CORPORATION
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Estimated Actual Taxable Value of Property *	Per Capita**
2007	18,360	1212	17,148	0.26%	145
2008	16,245	934	15,311	0.22%	127
2009	13,995	239	13,756	0.20%	112
2010	11,650	99	11,551	0.18%	92
2011	47,990	129	47,861	0.78%	418
2012	45,450	350	45,100	1.09%	391
2013	42,850	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

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

* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
** Population data can be found in the Schedule of Demographic and Economic Statistics.

PROVO CITY CORPORATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(amounts expressed in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Provo City School District	$ 125,700	100%	$ 125,700
Utah County	-		-
Subtotal overlapping debt	125,700		125,700
Direct Debt from Governmental activities:			
G.O. Bonds			35,810
Revenue bonds			27,838
Leases			5,500
Compensated Absences			5,962
Total Provo City Direct Debt from Governmental activities			75,110
Total direct and overlapping debt			$ 200,810

PROVO CITY CORPORATION
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	$ 268,924	$ 275,360	$ 269,661	$ 261,456	$ 244,079	$ 165,754	$ 171,283	$ 184,160	$ 191,738	$ 205,313
Total net debt applicable to limit	18,360	16,245	13,995	11,650	47,990	45,450	42,850	40,185	37,420	35,810
Legal debt margin	250,564	259,115	255,666	249,806	196,089	120,304	128,433	143,975	154,318	167,893
Total net debt applicable to the limit as a percentage of debt limit	6.83%	5.90%	5.19%	4.46%	19.66%	27.42%	25.02%	21.82%	19.52%	17.44%

Legal Debt Margin Calculation for Fiscal Year 2015

Estimated Market Value	$ 5,132,833
Debt limit--4 percent of market value	205,313
Debt applicable to limit: Total bonded debt (including special assessment bonds, if any)	37,420
Legal debt margin	$ 167,893

PROVO CITY CORPORATION
Pledge-Revenue Coverage
Last Ten Fiscal Years

Sales Tax Revenue Bonds

Fiscal Year	Sales Tax Revenue	Debt Service Principal	Debt Service Interest	Coverage
2007	17,149,011	1,285,000	1,929,668	5.33
2008	17,059,579	1,320,000	1,897,038	5.30
2009	14,801,894	1,360,000	1,857,702	4.60
2010	13,670,813	1,405,000	1,809,966	4.25
2011	13,996,455	1,460,000	1,756,436	4.35
2012	14,910,351	1,520,000	1,696,138	4.64
2013	15,461,642	1,585,000	1,629,258	4.81
2014	16,076,033	1,660,000	1,557,140	5.00
2015	16,625,467	1,735,000	1,479,286	5.17
2016	17,010,075	1,820,000	1,395,659	5.29

WasteWater Revenue Bonds

Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	6,898,529	4,483,344	2,415,185	-	-	-
2016	8,118,457	5,014,814	3,103,643	310,000	348,025	4.72

Energy Revenue Bonds

Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2007	53,824,273	39,513,644	14,310,629	2,475,000	1,436,844	3.66
2008	51,264,359	40,541,934	10,722,425	2,605,000	1,312,382	2.74
2009	50,336,668	39,589,892	10,746,776	2,730,000	1,181,394	2.75
2010	50,523,138	40,132,500	10,390,638	3,065,000	1,070,244	2.51
2011	58,364,515	50,242,202	8,122,313	3,695,000	865,134	1.78
2012	67,449,653	48,070,765	19,378,888	3,855,000	654,070	4.30
2013	69,526,364	49,162,309	20,364,055	4,015,000	433,745	4.58
2014	71,385,680	51,172,363	20,213,317	4,185,000	204,678	4.60
2015	71,453,976	55,303,831	16,150,145	-	-	-
2016	75,467,639	57,140,821	18,326,818	875,000	480,035	13.52

Water Revenue Bonds

Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2007	8,438,996	4,879,396	3,559,600	161,000	51,647	16.74
2008	6,752,930	5,279,290	1,473,640	166,000	47,016	6.92
2009	7,298,629	5,295,784	2,002,845	171,000	41,214	9.44
2010	6,897,638	5,103,149	1,794,489	177,000	35,034	8.46
2011	8,168,567	5,050,237	3,118,330	184,000	28,262	14.69
2012	8,410,196	5,125,837	3,284,359	192,000	20,880	15.43
2013	9,329,393	5,776,510	3,552,883	200,000	12,940	16.68
2014	9,417,201	6,211,095	3,206,106	208,000	4,420	15.09
2015	10,617,881	6,632,506	3,985,375	-	-	-
2016	11,602,845	7,574,864	4,027,981	370,000	417,566	5.11

Tax Increment Revenue Bonds

Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2007	$ 193,863	$ -	$ 193,863	$ 5,000	$ 138,058	1.36
2008	170,276	-	170,276	40,000	102,655	1.19
2009	64,045	-	64,045	45,000	100,695	0.44
2010	155,310	-	155,310	65,000	98,490	0.95
2011	196,504	-	196,504	65,000	95,305	1.23
2012	210,409	-	210,409	95,000	92,120	1.12
2013	219,987	-	219,987	100,000	87,465	1.17
2014	296,685	-	296,685	105,000	82,565	1.58
2015	317,823	-	317,823	125,000	77,420	1.57
2016	298,762	-	298,762	135,000	71,295	1.45

Storm Drain Revenue Bonds

Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2007	2,706,042	1,046,071	1,659,971	395,000	324,790	2.31
2008	2,360,062	1,198,098	1,161,964	415,000	308,398	1.61
2009	2,240,690	1,143,578	1,097,112	435,000	290,760	1.51
2010	3,957,170	1,117,112	2,840,058	450,000	272,273	3.93
2011	2,516,830	1,085,869	1,430,961	495,000	302,196	1.79
2012	3,088,692	1,289,705	1,798,987	505,000	293,139	2.25
2013	2,400,786	1,198,658	1,202,128	525,000	272,939	1.51
2014	2,434,443	1,461,025	973,418	535,000	262,439	1.22
2015	2,838,459	1,822,821	1,015,638	545,000	251,738	1.27
2016	3,795,310	2,288,068	1,507,242	560,000	239,476	1.89

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 Ten Fiscal Years

FISCAL YEAR	PROVO POPULATION	Provo-Orem PERSONAL INCOME (millions)	Provo-Orem (MSA) PER CAPITA PERSONAL INCOME	MEDIAN AGE	SCHOOL ENROLLMENT	UTAH UNEMPLOYMENT RATE	REGISTERED VOTERS	NUMBER PUBLIC SCHOOLS
2007	118,448	11,701	23,720	25.9	13,117	2.7	39,575	19
2008	120,723	12,035	39,582	25.1	12,998	3.2	35,555	21
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	15,660	28,978	23.3	14,750	7.6	61,977	22
2012	115,925	16,941	30,807	23.5	15,322	5.4	40,211	22
2013	116,288	17,555	31,223	23.4	15,505	4.7	49,558	22
2014	118,447	18,418	32,230	23.7	14,824	3.5	42,475	22
2015	114,807	**	**	23.5	16,600	3.6	40,558	18
2016	115,264	**	**	23.5	14,679	3.4	41,737	22

DATA SOURCES

www.census.gov
Bureau of Economic Analysis economic report
EDCUtah provo/orem MSA Demographic Report
Provo School District
Utah Dept. Workforce Services
**Information not available till next year

PROVO CITY CORPORATION
Principal Employers
Current Year and Nine Years Ago
June 30, 2016
(Unaudited)

EMPLOYER	2016 Employees	2007 Employees
BRIGHAM YOUNG UNIVERSITY	5000-6999	5,000
UTAH VALLEY REGIONAL MED CENTER	3000-3999	2104
VIVINT, INC.	2000-2999	
PROVO CITY	500-1499	603
PROVO SCHOOL DISTRICT	500-1500	1400
UTAH COUNTY	500-999	900
ANCESTRY.COM OPERATIONS, INC.	500-999	
CENTRAL UTAH MEDICAL CLINIC	500-999	525
CHRYSALIS UTAH, INC.	500-999	
CITIZENS TELECOMMUNICATIONS	500-999	
NU SKIN INTERNATIONAL INC	500-999	1300
QUALTRICS, LLC	500-999	
RBD ACQUISITION SUB, INC.	500-999	
SUNDANCE RESORT	500-999	
UTAH STATE HOSPITAL	250-499	825
HERITAGE SCHOOLS, INC.	250-499	300
INSIDESALES.COM	250-499	
KELLY SERVICES USA, LLC	250-499	
NOVELL, INC.	250-499	1890
NSE PRODUCTS, INC.	250-499	
NU SKIN UNITED STATES	250-499	
RESULTS CUSTOMER SOLUTIONS LLC	250-499	
SOLUTIONS STAFFING GROUP INC	250-499	
UHS OF PROVO CANYON INC	100-249	

PROVO CITY CORPORATION
Full Time City Government Employees by Function Equivalents
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2000	2014	2015	2016
General Government	105	124	120	112	106	106	139	143	142
Public Safety									
Fire	80	80	80	77	78	85	81	80	80
Police	174	175	176	171	157	175	165	165	168
Emergency Response	5	6	6	8	9	5	9	7	5
Public Services									
Street Maintenance	18	18	18	17	16	18	16	16	16
Engineering	15	15	15	13	12	16	15	16	16
Culture and Recreation	160	182	188	185	173	136	198	231	229
Water	33	33	34	34	32	33	32	36	37
Wastewater	28	28	28	28	27	28	28	28	28
Energy	102	102	103	100	83	97	63	64	66
Airport	2	2	2	2	2	2	4	4	4
Sanitation	14	14	15	16	16	16	14	14	17
Golf Course	8	8	8	8	8	0	8	8	8
Telecom	16	19	0	0	0	0	1	0	0
Vehicle Maintenance	11	11	11	11	7	10	8	8	8
Facilities	12	12	12	9	7	13	8	8	8
	783	829	816	791	733	740	789	828	832

PROVO CITY CORPORATION
Operating Indicators by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police (Calendar Year)										
Adult Arrest	2,289	2,285	2,270	2,286	1,912	N/A **	2,179	2,327	2,215	2,275
DUI violations	372	397	314	342	214	N/A **	302	267	245	222
Juvenile Arrests	903	727	710	645	489	N/A **	484	440	470	328
Parking violations	15,483	17,748	16,764	19,742	14,471	12,099	10,933	N/A	14,027	14,632
Traffic violations	16,477	21,623	19,848	16,534	7,505	8,769	9,479	N/A	9,618	8,097
Fire (Calendar Year)										
Number of ambulance calls	4,640	8,880	4,361	4,058	5843	4223	4,534	N/A	4831	4992
Number of FIRE/EMS combined	10,552	10,254	9,941	9,368	10129	9981	10,472	N/A	10931	11495
Inspections	1,300	NA	994	560	571	456	431	N/A	455	420
Highways and streets										
General Road Repair (tons of asphalt used)	40,400	23,000	23,070	13,051	4,023	2,588	2,250	52,886	17,318	21,696
Potholes repaired (tons of asphalt used)	80	400	400	40	40	70	61	244	230	191
Sidewalks replaced (linear feet)	8,529	7,381	11,533	11,755	12,800	350	6,019	7,755	8,320	10,547
Sanitation										
Refuse collected (tons/yr)	22,530	20,572	22,010	21,598	21,212	20,288	20,979	20,295	21,108	N/A
Recyclables collected (tons/yr)	883	1,002	1,084	1,142	1,305	2,021	2,222	2,133	2,163	N/A
Culture and recreation										
Recreation Center Attendance								1,466,000	1,610,996	1,882,865
Youth sports program participants	6,115	6,210	52,719 *	46,672 *	44,232	47,783	48,525	49,119	53,359	55,635
Adult sports program participants	6,689	7,388	68,574 *	72,440 *	67,980	60,351	59,668	54,056	49,595	51,612
Aquatics program participants	119,321	101,915	106,422	120,047	110,033	115,405 ***	82,585	104,000	114,520	N/A
Recreation Centers participants(non aquatics)	21,287	28,207	33,064	44,641	52,514	42,233 ***	153,913	N/A	N/A	N/A
Senior citizen program participants	69,133	68,760	67,326	47,852	54,816	44,111 ***	13,189	22,154	25,028	N/A
Community special events participants	41,265	45,000	34,700	31,675	32,887	35,730 ***	30,993	24,565	31,795	31,226
Covey Center for the Arts Participants	N/A	N/A	97,252	97,139	123,931	146,774	140,760	131,497	124,276	118,427
Peaks Ice Arena participants	N/A	N/A	146,293	250,654	321,548	319,404	330,286	335,374	345,435	352,444
The Center	N/A	N/A	49,362	46,780	52,360	41,352 ***	18,116	N/A	N/A	N/A
Community program Participants	N/A	N/A	8,685	11,793	19,386	10,375 ***	6,377	8,942	23,064	N/A
Energy										
Energy Requirements (kwh)	798,690,341	786,777,508	771,704,133	762,762,706	763,936,458	768,460,113	790,206,295	781,095,767	810,420,898	N/A
Water										
Number of Consumers (connections)	18,310	18,494	18,592	18,629	18,653	18,787	18,882	19,004	18,999	19,067
Water mains breaks	17	21	27	39	45	33	32	25	34	33
Average Daily Consumption (gallons)	25,491,983	30,054,747	25,678,849	24,457,600	23,445,989	24,867,000	24,848,280	24,327,742	24,209,238	24,219,560
Wastewater										
Average daily sewage treatment (gallons)	12,200,000	13,670,000	11,400,000	12,900,000	15,000,000	13,700,000	12,775,000	12,366,666	11,600,000	11,025,000

Sources: Various government departments

*Youth and Adult sports programs is reporting by participants rather than registrants starting year 2009

** Police computer system changed 2012 no avail inform

***Starting in 2014 these Park numbers will be combined due to the opening of the New Provo Recreation Center

PROVO CITY CORPORATION
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
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*	74	73	69	72	72	78	100	105	105	105
Fires Stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	11	13	13	13	10	11	13	13	13	13
Highways and streets										
Street lane miles	878	882	882	882	882	882	882	882	882	882
Traffic signals	89	90	90	90	90	90	88	94	94	94
Water										
Water mains (miles)	377	379	381	383	384	389	389	389	393	399
Fire hydrants	3,082	3,169	3,013	3,046	3,064	3,070	3,107	3,130	3,156	3,204
Sewer										
Sanitary sewers (miles)	295	297	299	300	300	302	309	310	313	310
Storm sewers (miles)	98	103	106	117	123	123.5	130.0	138.0	126.5	138.0
Electric										
Number of distribution stations	21	18	18	18	18	18	18	18	19	19
Miles of service lines	379	398	400	400	404	404	404	400	400	400
Number of consumer connections	34,580	34,997	35,216	35,237	35,281	35,248	35,119	36,286	36,139	36,536
**Culture and recreation										
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
Libraries	1	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2	2
Parks										
Developed	44	47	47	49	49	49	49	53	53	54
Developed park acreage	361	375	376	382	382	802	802	802	802	800
Undeveloped								11	11	10
Undeveloped Parks (Partial0						14	14	14	14	14
Undeveloped park acreage						1,370	1,370	1,370	1,370	1,369
Recreation Centers	2	2	2	2	2	2	1	1	1	1
Senior Center	1	1	1	1	1	1	0	0	0	0
Swimming pools	2	2	2	2	2	2	***1	1	1	1

PROVO CITY CORPORATION
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parks										
Pocket Parks						4	4	4	4	4
Pocket Parks (Acres)						1.1	1.1	1.1	1.1	1.1
Neighborhood Parks						18	18	18	18	17
Neighborhood Parks (Acres)						90.9	90.9	90.9	90.9	88.2
Community Parks						14	14	14	14	15
Community Parks (Acres)						283.1	283.1	283.1	283.1	283.1
Regional Parks						4	4	4	4	4
Regional Parks (Acres)						167.4	167.4	167.4	167.4	167.4
Conservation Parks						5	5	5	5	5
Conservation Parks (Acres)						609.6	609.6	609.6	609.6	609.6
Greenways/Road Frontage Landscapes						8	8	8	8	8
Greenways/Road Frontage Landscapes (Acres)						68.4	68.4	68.4	68.4	68.4
Trailhead Parks						7	7	7	7	7
Trailhead Parks (Acres)						21.2	21.2	21.2	21.2	21.2
Pathways/Trails						15	15	15	15	14
Pathways/Trails(Miles)						37.2	37.2	37.2	37.2	35.4
Open Space (Acres)						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
Special Use Facilities						10	10	10	10	10
Big Springs Camp (Acres)						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
Municipal Center (Acres)						4.0	4.0	4.0	4.0	4.0
Shooting Sports Park (Acres)						50.0	50.0	50.0	50.0	50.0
Academy Square Library (Acres)						4.0	4.0	4.0	4.0	4.0
Cemetery (Acres)						49.1	49.1	49.1	49.1	57.1
Covey Center for the Arts (Acres)						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
Provo Recreation Center (Acres)						18.5	18.5	18.5	18.5	18.5
Peaks Ice Arena (Acres)						13.6	13.6	13.6	13.6	13.6

Sources: Various city departments

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following summary is a brief outline of certain provisions contained in the Resolution and is not to be considered as a full statement thereof. Reference is made to the Resolution, for full details of the terms of the 2017 Bonds and the security provisions appertaining thereto. See also "SECURITY AND SOURCES OF PAYMENT" in the body of this OFFICIAL STATEMENT.

DEFINITIONS

For the purposes of this summary, the following terms shall have the meanings described below:

"Accrued Debt Service" means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds, calculating the Debt Service that has accrued with respect to each Series of Bonds as an amount equal to the sum of (1) the interest on the Bonds of such Series (other than interest on Capital Appreciation Bonds constituting an accreted amount thereof) that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (2) that portion of all principal installments payable within the twelve–month period following the date of calculation for the Bonds of such Series that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

"Act" means, collectively, the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, the Utah Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended, and all laws amendatory thereof or supplemental thereto.

"Aggregate Debt Service" means, as of any date of calculation and with respect to any period, the sum of the amounts of Debt Service for all Series of Bonds outstanding for such period.

"Average Aggregate Debt Service" means, as of any date of calculation, the sum of the amounts of Aggregate Debt Service for each Fiscal Year during which any Series of Bonds is outstanding, divided by the number of such Fiscal Years; *provided, however,* that for purposes of the debt service coverage test required under Section 11–14–17.5(4) of the Utah Municipal Bond Act, the Issuer may exclude from such calculation the Debt Service on any Series of Bonds which are secured, in addition to the pledge of Revenues pursuant to the Resolution, by a pledge of revenues, moneys or any other income of the Issuer other than excise tax revenues.

"Bondholder" or *"Holder of Bonds"*, or any similar term, means any person who shall be the registered owner of any Bond or Bonds.

"Bonds" means the bonds, notes or other obligations authorized by and at any time outstanding pursuant to the Resolution.

"Business Day" means a day of the year which is not a Saturday, Sunday or legal holiday in the State or a day on which the Trustee or any Transfer Agent is authorized or permitted to close.

"Capital Appreciation Bonds" means Bonds the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Resolution authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (2) is payable upon maturity or redemption of such Bonds.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section.

"Completion Date" means the date of substantial completion of a Project as that date shall be certified as provided in the Resolution.

"Construction Fund" means the Fund by that name established in the Resolution.

"Cost of Construction" means the costs of the Issuer properly attributable to the financing, acquisition, construction, reconstruction, modification or improvement of facilities, property or improvements (or interests therein) which the Issuer is authorized by law to acquire, as identified for a particular Project, and all expenses preliminary and incidental thereto incurred by the Issuer in connection therewith and in the issuance of the Bonds, including all engineering, fiscal and legal expenses and costs of issuance, printing and advertising for which funds may be disbursed from the Construction Fund and the establishment of necessary reserves and payment of interest during construction.

"Current Interest Bonds" means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the interest payment dates provided therefor in a Supplement Resolution.

"Debt Service" means for any particular Fiscal Year and for any Series of Bonds, an amount equal to the sum of (a) all interest payable during such Fiscal Year on the Bonds then outstanding, plus (b) the principal installments during such Fiscal Year on the Bonds then outstanding, calculated on the assumption that Bonds on the day of calculation cease to be outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Resolution; *provided, however*, that (1) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds, it shall be assumed that such Series of Variable Rate Bonds will bear interest at the maximum rate provided for in the Supplemental Resolution relating to such Bonds; (2) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds which are issued with an Interest Rate Swap in which the Issuer has to pay a fixed rate and the Swap Counterparty has agreed to pay a variable rate that an authorized officer of the Issuer certifies in a written certificate of the Issuer approximates the variable rate payable on such Series of Variable Rate Bonds, such Series of Variable Rate Bonds shall be deemed to bear interest at the fixed rate of such Interest Rate Swap; *provided* that such fixed rate may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect; (3) when calculating interest payable during such Fiscal Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a variable rate and the Swap Counterparty has agreed to pay a fixed rate that an authorized officer of the Issuer certifies in a written certificate of the Issuer approximates the fixed rate payable on such Series of Bonds, it shall be assumed that such Series of Bonds shall bear interest at the maximum rate provided for in the Supplemental Resolution relating to such Bonds; *provided* that such variable rate shall be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect.

"Debt Service Reserve Requirement" means, with respect to each Series of Bonds for which a Series Subaccount corresponding to such Series of Bonds has been established in the Debt Service Reserve Account, the amount specified in the Supplemental Resolution establishing such Series Subaccount.

"Fiscal Year" means the annual accounting period of the Issuer as from time to time in effect.

"Government Obligations" means:

(i) Direct obligations (including obligations issued or held in book–entry form on the books of the Department of Treasury) of the United States of America, securities unconditionally guaranteed by, or backed by the full faith and credit of the United States of America, and evidences of ownership interests in such direct or unconditionally–guaranteed obligations; and

(ii) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which: (A) are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice; (B) are rated, based on the escrow, in the highest rating category of S&P and Moody's; and (C) are fully–secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in clause (1) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable notice, as appropriate.

"Interest Rate Swap" means an interest rate exchange agreement between the Issuer or the Trustee and a Swap Counterparty related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount.

"Investment Securities" means any of the following securities, if and to the extent that the same are at the time legal for investment of the Issuer's funds:

(i) Government Obligations;

(ii) Bonds, debentures or notes issued by, or fully guaranteed as to principal and interest by, the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: (a) Federal Farm Credit banks (consolidated systemwide bonds and notes only), (b) Federal Home Loan banks (senior debt obligations only), (c) Federal National Mortgage Association (mortgage–backed securities and senior debt obligations only), (d) Student Loan Marketing Association (senior debt obligations only), and (e) Federal Home Loan Mortgage Corporation (participation certificates and senior debt obligations only);

(iii) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: (a) Export–Import Bank, (b) Farm Credit System Financial Assistance Corporation, (c) Rural Economic Community Development Administration (formerly the Farmers Home Administration), (d) General Services Administration, (e) U.S. Maritime Administration, (f) Small Business Administration, (g) Government National Mortgage Association (GNMA), (h) U.S. Department of Housing & Urban Development (PHA's), (i) Federal Housing Administration, and (j) Federal Financing Bank.

(iv) Money market funds rated "AAAm" or "AAAm—G" or better by S&P;

(v) Commercial paper which is rated at the time of purchase in the single highest classification, P–1 by Moody's or A–1+ by S&P, and which matures not more than 270 days after the date of purchase;

(vi) Bonds, notes or other evidences or indebtedness rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(vii) U. S. dollar–denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A–1" or "A–1+" by S&P and "P–1" by Moody's and maturing not more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(viii) the fund held by the Treasurer for the State and commonly known as the State Public Treasurer's Investment Fund; and

(ix) Investment agreements authorized by the State Money Management Act, Chapter 7 of Title 51, Utah Code Annotated 1953, as amended.

"*Issuer*" means the City of Provo, Utah County, Utah, a municipal corporation and a political subdivision of the State. As of the date of adoption of this Resolution, the Issuer is a first–class city operating under the general laws of the State.

"*Maximum Annual Debt Service*" means the largest amount of Aggregate Debt Service coming due in any Fiscal Year, less any adjustments thereto as provided in the Resolution.

"*Principal*" or "*principal*" means (a) with respect to any Capital Appreciation Bond, the accreted amount thereof (the difference between the stated amount to be paid at maturity and the accreted amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an event of default, in which case "*Principal*" means the initial public offering price of a Capital Appreciation Bond (the difference between the accreted amount and the initial pubic offering price being deemed interest) and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

"*Principal Installment*" means, as of any date of calculation with respect to any Series of Bonds, so long as any Bonds thereof are outstanding, (1) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (2) the unsatisfied balance (determined as provided in the definition of "*Sinking Fund Installment*") of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to such unsatisfied balance of such Sinking Fund Installment, or (3) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of such Sinking Fund Installment due on such future date plus such applicable redemption premiums, if any.

"*Project*" means the acquisition, construction, improvement or extension of improvements, facilities or property (or an interest therein) which the Issuer is authorized by law to acquire, regardless of whether the Issuer shall hold title thereto, if and to the extent that the same shall be designated by the Issuer as a Project by a Supplemental Resolution.

"*Rating Agency*" means Moody's Investors Service or Standard & Poor's Credit Market Services.

"*Rating Category*" or "*Rating Categories*" means one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

"*Redemption Price*" means, with respect to any Bond, the principal thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Supplemental Resolution.

"*Reserve Instrument*" means an instrument or other device issued by a Reserve Instrument Issuer to satisfy all or any portion of the Debt Service Reserve Requirement, if any, for a Series of Bonds. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit, surety bonds, and other security instruments and other devices.

"*Reserve Instrument Issuer*" means any financial institution or insurance company issuing a Reserve Instrument.

"*Resolution*" means the Resolution adopted on February 19, 2004 as from time to time supplemented by Supplemental Resolutions adopted by the Issuer.

"*Revenues*" means all of the local sales and use tax revenues received by the City pursuant to the Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended.

"Security Instrument" means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices.

"Security Instrument Issuer" means any financial institution, insurance company or other person issuing a Security Instrument.

"Series" means all the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Resolution.

"Sinking Fund Installment" means an amount so designated which is established pursuant to the provisions of the Resolution. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to the provisions of the Resolution toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

"Special Revenues" means any legally available moneys or income from an enterprise of the Issuer or any other source available to the Issuer which are pledged to the payment of one or more Series of the Bonds as provided in a Supplemental Resolution adopted by the Issuer. Such Supplemental Resolution shall (1) specifically identify the Special Revenues and pledge the same to the payment of one or more Series of Bonds, and (2) require such Special Revenues to be transferred and deposited into the Series Subaccount in the Debt Service Account and, if applicable, the Series Subaccount in the Debt Service Reserve Account for such Series of Bonds as provided in the Resolution.

"State" means the State of Utah.

"Supplemental Resolution" means any resolution in full force and effect which has been duly adopted by the Council under the Act, *provided* that such Supplemental Resolution is adopted in accordance with the provisions of the Resolution.

"Swap Counterparty" means a provider of an Interest Rate Swap, *provided* that such provider satisfies any applicable requirements of the Money Management Act, Chapter 7 of Title 51, Utah Code Annotated 1953, as amended.

"Trustee" means the trustee to be appointed by the Issuer, its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Resolution.

ESTABLISHMENT OF FUNDS AND ACCOUNTS

The following funds, among others, are established under the Resolution:

(l) Construction Fund, consisting of a separate Project Account for each Project, to be held by the Trustee, who may establish one or more subaccounts in each Project Account;

(2) Revenue Fund, to be held by the Issuer; and

(3) Bond Fund, to be held by the Trustee, consisting of (A) a Debt Service Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds and (B) a Debt Service Reserve Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds for which a Debt Service Reserve Requirement has been established.

PLEDGE OF REVENUES

The Bonds are special limited obligations of the Issuer payable solely from and secured by the Revenues and funds pledged therefor. There are pledged for the payment of principal, Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds, including the investments, if any, thereof.

ALLOCATION OF REVENUES; FLOW OF FUNDS

All Revenues are to be deposited promptly by the Issuer to the credit of the Revenue Fund. So long as (1) no event of default has occurred and is continuing and (2) no moneys have been withdrawn for the Debt Service Reserve Account and not replaced, moneys on deposit in the Revenue Fund may be commingled with other moneys of the Issuer. If, however, an event of default has occurred and is continuing or moneys have been withdrawn from the Debt Service Reserve Account and not repaid, moneys on deposit in the Revenue Fund shall be segregated from other moneys of the Issuer and held separately by a Depositary.

On or before the fifth Business Day preceding the end of each month, an appropriate officer of the Issuer shall, to the extent available, withdraw from the Revenue Fund and deposit with the Trustee for credit to the Bond Fund moneys or Investment Securities in the following order and in the following amounts:

> (1) for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the separate Series Subaccounts therein shall equal the Accrued Debt Service on the Series of Bonds; *provided*, that if there are not sufficient moneys to satisfy this requirement with respect to all Series Subaccounts in the Debt Service Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each such Series Subaccount bears to the total deficiency for all such Series Subaccounts;
>
> (2) for credit to each Series Subaccount established within the Debt Service Reserve Account, the amount, if any, required to be deposited therein pursuant to the Supplemental Resolution under which such Series Subaccount was established (including payments to any Reserve Instrument Issuer to reimburse drawings on any Reserve Instrument and the interest on such drawings, as and to the extent provided for by such Supplemental Resolution); *provided*, that if there are not sufficient moneys to satisfy this requirement with respect to all Series Subaccounts in the Debt Service Reserve Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Reserve Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Reserve Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each such Series Subaccount bears to the total deficiency for all such Series Subaccounts;

provided, *however*, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Bond Fund.

Amounts remaining in the Revenue Fund at the end of each month after payment of the amounts required to be deposited into the Bond Fund as described above and deposits into any other funds as required by the applicable Resolution, may be applied by the Issuer, free and clear of the lien of the Resolution, to any lawful purpose of the Issuer, including: (l) the purchase or redemption of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds and (2) payments into any Project Accounts established in the Construction Fund for application to the purposes of such Accounts.

OPERATION OF FUNDS

Bond Fund–Debt Service Account. The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the respective Paying Agents: (1) on or before each interest payment date, the amount required for the interest payable on such date; (2) on or before each principal installment due date, the amount required for the principal installment payable on such due date; and (3) on or before any redemption date, the amount required for the payment of interest and Redemption Price on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents to pay principal installments and Redemption Price of, and interest on the related Series of Bonds.

The Trustee shall also pay out of the appropriate Series Subaccount in the Debt Service Account any amounts owed to a Security Instrument Issuer to repay any drawings made or payments under the Security Instrument issued by it, together with any interest on such drawings or payments.

Bond Fund–Debt Service Reserve Account. If on the final Business Day of any month, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount, the Trustee shall: (1) apply amounts from the corresponding Series Subaccount, if any, in the Debt Service Reserve Account to the extent necessary to make good the deficiency; and (2) to the extent that moneys and investments available in the corresponding Series Subaccount, if any, in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccount in the Debt Service Account and Reserve Instruments are in effect for the corresponding Series of Bonds, immediately make a demand for payment on all such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Debt Service Account.

Whenever the moneys on deposit in a Series Subaccount in the Debt Service Reserve Account for a Series of Bonds, including investment earnings and the amounts available to be drawn or paid under any Reserve Instruments with respect thereto, shall exceed the Debt Service Reserve Requirement for all outstanding Bonds of such Series, any excess moneys shall be transferred by the Trustee and deposited into the Revenue Fund.

Whenever the cash and Investment Securities in a Series Subaccount in the Debt Service Reserve Account and the cash and Investment Securities in the corresponding Series Subaccount in the Debt Service Account for a Series of Bonds are in an amount sufficient to pay in full all outstanding Bonds of such Series in accordance with their terms, the funds on deposit in such Series Subaccount in the Debt Service Reserve Account shall be transferred to the corresponding Series Subaccount in the Debt Service Account and no deposits shall be required to be made into such Series Subaccount in the Debt Service Reserve Account.

Construction Fund. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution. The proceeds of insurance maintained in connection with a Project during the period of construction of such Project against physical loss of or damage to the Project, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the appropriate Project Account in the Construction Fund. Amounts in each Project Account in the Construction Fund established for a Project shall be applied to pay the Cost of Construction of the Project. In the event and to the extent that proceeds of the sale of Bonds were deposited in a Project Account to provide for the payment of capitalized interest, the Trustee shall, without further direction, during the period for which interest was capitalized, transfer from the Project Account and deposit into the appropriate Series Subaccount in the Debt Service Account, the amounts required to pay interest on the Bonds when due.

Before any payment is made from any Project Account by the Trustee (except for transfers into Series Subaccounts in the Debt Service Account to pay interest on the Bonds as contemplated above), the Issuer shall file with the Trustee a written request of the Issuer, showing with respect to each payment to be made, the name of the person to whom payment is due and the amount to be paid. The Issuer may from time to time direct the transfer of moneys from a Project Account to the Issuer to provide working capital in connection with a Project. Upon receipt of the aforementioned documents, the Trustee shall pay the amounts set forth in the written certificate.

The Completion Date of a Project shall be evidenced by a written certificate of the Issuer, which shall be filed with the Trustee as soon as practicable upon completion of the Project. Upon the filing of such written certificate of the Issuer, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such certificate and if, subsequent to the filing of such certificate, a supplemental written certificate of the Issuer is filed with the Trustee stating that the balance of the money remaining in the Construction Fund is no longer needed to pay Costs of Construction of such Project, any remaining balance in the Project Account in the Construction Fund shall, to the extent permitted under applicable law and covenants regarding the use of proceeds of the Bonds, be (i) used to purchase Bonds, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Debt Service Account, (iv) transferred into another Project Account to pay costs of construction of another Project; (v) transferred into any enterprise fund of the Issuer to provide working capital or other necessary amounts in connection with the development or operation of a project, or (vi) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds.

ADDITIONAL BONDS

Additional Bonds may be issued under the Resolution by the Issuer only upon the satisfaction of various conditions specified therein. The amount of additional Bonds which may be issued under the Resolution is not limited by law or the Resolution.

In connection with the issuance of additional Bonds to finance the construction of a Project, the Issuer is required to file, among other things, the following documents with the Trustee:

(1) a copy of the Supplemental Resolution authorizing such Bonds;

(2) A written certificate of the Issuer setting forth (A) the principal amount of the Bonds, (B) the Debt Service for each Fiscal Year of the Bonds of such Series and (C) the Aggregate Debt Service for all outstanding Bonds, including such Series of Bonds being issued, for each Fiscal Year;

(3) A written certificate of the Issuer (A) setting forth the Average Aggregate Debt Service upon the issuance of such Series of Bonds, (B) setting forth the total Revenues of the Issuer for the Fiscal Year immediately preceding the Fiscal Year in which the Supplemental Resolution authorizing such Series of Bonds is adopted, (C) demonstrating that such Average Annual Debt Service does not exceed 80% of such total Revenues and (D) containing such additional statements as may be reasonably necessary to show compliance with the requirements of Section 11–14–17.5(4) of the Utah Municipal Bond Act;

(4) A written certificate of the Issuer which shall: (A) set forth the then estimated completion date and the then estimated Cost of Construction of the Project being financed by such Series of Bonds; (B) state that, upon the authentication and delivery of the Bonds of such Series, no event will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an event of default under the Resolution; (C) set forth the Revenues for the most recent Fiscal Year; (D) set forth the Maximum Annual Debt Service upon the issuance of the proposed Series of Bonds, together with any adjustments to the Maximum Annual Debt Service permitted by the Resolution; and (E) demonstrate that the Revenues set forth in (C) above are equal to or greater than 200% of the Maximum Annual Debt Service set forth in (D) above.

In determining the Maximum Annual Debt Service, the Issuer may reduce the Debt Service on any Series of Bonds for any Fiscal Year by (1) the amount of capitalized interest available to pay the interest on such Bonds in such Fiscal Yea and (2) subject to certain requirements provided in the Resolution, the Special Revenues pledged to pay such Debt Service in an amount shown in, or calculated on the basis of the information contained in, the most recent audited financial statements of the Issuer, but not exceeding the Debt Service on such Series of Bonds in any Fiscal Year.

The Issuer may issue refunding Bonds on a parity with the Bonds to refund all or a part of any outstanding Bonds, subject, however, to certain provisions and conditions specified in the Resolution.

CERTAIN COVENANTS

Punctual Payment. The Issuer will punctually pay or cause to be paid, solely from the Revenues and funds pledged therefor pursuant to the Resolution, the principal or Redemption Price and the interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and the Issuer will punctually pay or cause to be paid all Sinking Fund Installments which may be established for any Series of Bonds.

Construction of Projects. Once the Issuer has determined to construct a Project and issued Bonds with respect to such Project, the Issuer will promptly commence, or cause to be commenced, the construction of such Project and will continue, or cause to be continued, the same to completion with all practicable dispatch, and such Project will be constructed in a sound and economic manner.

No Impairment of Revenues. Pursuant to Section 11–14–17.5(2)(d) of the Utah Municipal Bond Act, (i) the ordinances, resolutions or other enactments of the Council imposing the sales taxes constituting the Revenues and pursuant to which such sales taxes are being collected and (ii) the obligation of the Issuer to levy, collect and allocate the sales taxes constituting the Revenues and to apply the Revenues as provided in the Resolution, shall be irrevocable so long as the Bonds are outstanding and are not subject to amendment in any manner which would impair the rights of the Bondholders or which would in any way jeopardize the timely payment of the principal of or interest on the Bonds when due.

Against Encumbrances; Further Assurances. The Issuer will not sell, convey, mortgage, encumber, pledge or otherwise dispose of any part of the Revenues except as provided in the Resolution. The Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Resolutions and such further accounts, instruments and transfers as may be reasonably required for the better assuring, pledging and confirming to the Trustee all and singular the Revenues and the other amounts pledged hereby to the payment of the principal of, Redemption Price and interest on the Bonds.

Accounting Records and Financial Reports. The Issuer will at all times keep, or cause to be kept, proper books of record and accounts in accordance with generally accepted accounting principles in which complete and accurate entries shall be made of all transactions relating to the Revenues. The Resolution requires the Issuer to place on file with the Trustee from time to time various audited and unaudited financial statements and various reports relating to the Revenues, and to notify the Trustee immediately on the occurrence of an event of default.

Compliance with Resolution. The Issuer will not issue any Bonds in any manner other than in accordance with the provisions of the Resolution and will not suffer or permit any default to occur under the Resolution, but will faithfully observe and perform all the covenants, conditions and requirements hereof. The Issuer will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Resolution, and for the better assuring and confirming unto the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers of the rights, benefits and security provided in the Resolution. The Issuer for itself, its successors and assigns, represents, covenants and agrees with the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers as a material inducement to the purchase of the Bonds and the issuance of Security Instruments and the

Reserve Instruments that so long as any of the Bonds shall remain outstanding and the principal or Redemption Price thereof or interest thereon shall be unpaid or unprovided for, it will faithfully perform all of the covenants and agreements contained in the Resolution and the Bonds.

Power to Issue Bonds and Pledge Revenues and Other Funds. The Issuer is duly authorized under all applicable laws to create and issue the Bonds and to adopt the Resolution and to pledge the Revenues and other moneys, securities and funds purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Issuer in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under the Resolution and all the rights of the Bondholders, the Security Instrument Issuers and the Reserve Instrument Issuers under the Resolution against all claims and demands of all persons whomsoever.

Covenant of State of Utah. Pursuant to Section 11–14–17.5(3) of the Utah Municipal Bond Act, the State pledges and agrees with the Bondholders, Security Instrument Issuers and Reserve Instrument Issuers that the State will not alter, impair or limit the Revenues in a manner that reduces the amounts to be rebated to the Issuer which are devoted or pledged by the Resolution until the Bonds, together with applicable interest, are fully met and discharged; *provided, however*, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the Bondholders, Security Instrument Issuers and Reserve Instrument Issuers.

EVENTS OF DEFAULT

Each of the following events is an “event of default:”

(l) failure by the Issuer to make the due and punctual payment of the principal or Redemption Price, if applicable, of any Bond when the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(2) failure by the Issuer to make the due and punctual payment of any installment of interest on any Bond or any sinking fund installment when the same shall become due and payable;

(3) failure by the Issuer to observe any of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and failure to remedy the same for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time outstanding;

(4) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of Title 11, United States Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any Federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Issuer and, if instituted against the Issuer, said proceedings are consented to or are not dismissed within 30 days after such institution; or

(5) any event specified in a Supplemental Resolution as constituting an event of default.

REMEDIES

Application of Revenues and Other Moneys After Default. Upon the occurrence and during the continuance of an event of default, the Issuer shall upon the demand of the Trustee pay over or cause to be paid over to the Trustee (1) immediately, all moneys, securities and funds then held by the Issuer in the

Revenue Fund and in any other Fund or Account held by the Issuer, and (2) all Revenues as promptly as practicable after the receipt thereof.

During the continuance of an event of default, the Trustee shall apply such Revenues and such moneys, securities and funds and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee and the reasonable fees and disbursements of its counsel;

(2) to the payment of the interest and principal or Redemption Price then due on the Bonds;

(3) to the payment of all remaining obligations owed to all Security Instrument Issuers (to the extent not repaid as principal of and interest on the Bonds pursuant to (2) above), ratably, according to the remaining amounts due without any discrimination or preference; and

(4) to the payment of all obligations owed to all Reserve Instrument Issuers, ratably, according to the amounts due without any discrimination or preference.

Rights and Remedies of Bondholders. No Holder of any Bond shall have the right to institute any proceeding for the enforcement of any remedy under the Resolution unless (l) such Holder has previously given written notice to the Trustee of a continuing event of default, (2) the Holders of not less than 25% in principal amount of Bonds then outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name, (3) such Holders have offered to the Trustee reasonable indemnity required by the Resolution, (4) the Trustee shall thereafter fail for 60 days to institute any such proceeding, and (5) no direction inconsistent with such written request has been given to the Trustee during such 60–day period by the Holders of a majority in principal amount of the outstanding Bonds. Bondholder shall have the right, however, to receive payment of the principal of, Redemption Price and interest on such Bonds on the stated maturity thereof (or on the redemption date thereof, if applicable) and to institute suit for the enforcement of any such payment.

The Holders of a majority in principal amount of Bonds then outstanding shall have the right to direct the time, method and place of conducting all proceedings, in accordance with the Resolution and applicable law.

Remedies Not Exclusive. No remedy conferred in the Resolution upon or reserved to the Trustee and the Holders of Bonds, is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Trustee and the Holder of any one or more of the Bonds. Nothing contained in the Resolution shall permit the levy of any attachment or execution upon any of the properties of the Issuer, nor shall any properties of the Issuer be subject to forfeiture by reason of any default hereunder, it being expressly understood and agreed by each and every Bondholder by the acceptance of any Bond, that the rights of all such Bondholders are limited and restricted to the use and application of Revenues and other moneys, securities and Funds pledged under the Resolution in accordance with the terms of the Resolution.

INVESTMENTS

Moneys held in any Fund or Account shall be invested and reinvested by the Issuer or the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or Account, subject to the following: (1) the Trustee shall make such investments only in accordance with a written request of the Issuer; (2) the Trustee will not invest any moneys held by it under the Resolution in any investment for which it would receive a fee, unless it first obtains the express, written approval of the Issuer; (3) any Supplemental Resolution authorizing a Series of Bonds may impose additional restrictions on moneys held in any Fund or Account; and (4) any Supplemental Resolution authorizing a Series of Bonds may authorize the investment of moneys to be held in the related Project Account, Series Subaccount in the Debt Service Account or Series Subaccount in the Debt Service Reserve Account in such other investments in lieu of or in addition to the Investment Securities as may be specified by the Supplemental Resolution.

Net income earned on any moneys or investments in any Project Account in the Construction Fund, the Revenue Fund and in each Series Subaccount in the Debt Service Account shall be retained in such Fund, Account or Series Subaccount as the case may be; and whenever the amount on deposit in any Series Subaccount in the Debt Service Reserve Account is equal to the applicable Debt Service Reserve Requirement, net income earned on any moneys or investments in such Series Subaccount shall be transferred to the Revenue Fund as provided in the Resolution, otherwise, to be retained therein.

DISCHARGE OF INDEBTEDNESS

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Resolution with respect to a Series of Bonds, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues, and other moneys, securities and funds pledged under the Resolution and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Subject to any further conditions in a Supplemental Resolution with respect to a Series of Bonds, all outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid if: (l) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee, as provided in the Resolution, either moneys in an amount which shall be sufficient, or Government Obligations constituting direct obligations of the United States (including such obligations issued or held in book–entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 90 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, a notice to the Holders of such Bonds that the deposit required above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the provisions of the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of and the interest due and to become due on said Bonds.

Neither the Government Obligations nor moneys so deposited with the Trustee nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust solely and exclusively for, the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds; *provided* that any cash received from such Principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Trustee, free and clear of any trust, lien or pledge.

MODIFICATION OR AMENDMENT OF THE RESOLUTION

The Resolution or any Supplemental Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds may be modified or amended at any time by a Supplemental Resolution and pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of at least 60% in principal amount of the Bonds then outstanding (other than Bonds owned or held by or for the account of the Issuer) and of such Series and maturity as are affected by such Supplemental Resolution. No modification or amendment shall (l) extend the fixed maturity of any Bond, or reduce the principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (2) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the Holders of all of the Bonds then outstanding, or (3) without its written consent thereto, modify any of the rights or obligations of the Trustee. A Supplemental Resolution providing for the issuance by a Security Instrument Issuer of a Security Instrument in connection with a Series of Bonds may provide that the Security Instrument Issuer shall at all times, so long as the Series of Bonds remain outstanding, be deemed to be the exclusive Holder of all of the Bonds of such Series for the purpose of consenting to an amendment of the Resolution pursuant to the provisions of the Resolution.

The Resolution or any Supplemental Resolution and the rights and obligations of the Issuer, the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Bondholders, Security Instrument Issuer or Reserve Instrument Issuer, but only to the extent permitted by law and only for any one or more of the purposes detailed in the Resolution, including, but not limited to:

(l) to add to the covenants and agreements of the Issuer contained in the Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Issuer by the Resolution;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Resolution, or in regard to questions arising under the Resolution or to make any other change, as the Issuer may deem necessary or desirable, and which shall not adversely affect the interests of the Holders of the Bonds, the Security Instrument Issuers or the Reserve Instrument Issuers;

(3) to provide for the issuance of a Series of Bonds, and to provide the terms and conditions under which any Series of Bonds may be issued, subject to and in accordance with the provisions of the Resolution;

(4) to provide for the issuance of the Bonds pursuant to a book–entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provision of law;

(5) to make any change which shall not materially adversely affect the rights or interests of the Holders of any outstanding Bonds, any Security Instrument Issuers or any Reserve Instrument Issuers, requested by a Rating Agency in order to obtain or maintain any rating on the Bonds;

(6) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated thereunder, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America; and *provided further* that any Tax Exemption Certificate may be amended or

supplemented at any time without the consent of the Bondholders, Security Instrument Issuers or Reserve Instrument Issuers; and

(7) to provide for the pledge of Special Revenues, additional monies, funds or other assets to secure payment of one or more Series of Bonds.

Amendment by Written Consent. The Council may at any time adopt a valid Supplemental Resolution amending the provisions of the Bonds or of the Resolution or any Supplemental Resolution, to the extent that such an amendment is permitted by the Resolution, to become effective when and as approved by written consent of the Bondholders as provided in this paragraph. Such Supplemental Resolution shall not be effective unless there shall have been filed with the Issuer or the Trustee the written consents of the necessary number of Holders of the Bonds then outstanding and a notice shall have been mailed as provided in this paragraph. It shall not be necessary for any consent of the Bondholders under this section to approve the particular form of any proposed Supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder thereof (whether or not such subsequent Holder has notice thereof) unless such consent is revoked in writing by the Holder of the Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Issuer prior to the date when the notice provided for in this paragraph has been mailed. Notice of the fact of the adoption of such Supplemental Resolution shall be mailed by the Issuer to Bondholders (but failure to mail copies of such notice shall not affect the validity of the Supplemental Resolution when assented to by the requisite percentage of the Holders of the Bonds as aforesaid).

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Re: $4,975,000
City of Provo, Utah
Sales Tax Revenue Bonds
Series 2017

We hereby certify that we have examined certified copy of the proceedings of record of the City of Provo, Utah (the *"City"*), including a certified copy of a Resolution Providing for the Issuance of Sales Tax Revenue Bonds, adopted February 19, 2004, and a Supplemental Resolution, adopted October 17, 2017 (collectively, the *"Resolution"*), passed preliminary to the issuance by the City of its Sales Tax Revenue Bonds, Series 2017 (the *"Series 2017 Bonds"*), in the principal amount of $4,975,000, dated as of the date hereof, maturing on February 15 of each of the years and bearing interest as follows:

February 15 of the Year	Principal Amount	Rate of Interest
2020	$130,000	5.00%
2021	275,000	5.00
2022	285,000	5.00
2023	300,000	5.00
2024	290,000	5.00
2025	305,000	5.00
2026	320,000	5.00
2027	335,000	5.00
2028	355,000	5.00
2029	370,000	2.25
2030	380,000	2.50
2031	390,000	3.00
2032	400,000	3.00
2033	415,000	3.00
2034	425,000	3.00

The Series 2017 Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Series 2017 Bonds. The Series 2017 Bonds are issuable as fully-registered bonds in the denomination of $5,000, or any integral multiple thereof.

The Series 2017 Bonds are being issued under the authority of the Utah Municipal Bond Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended (the *"Act"*), for the purpose of financing a portion of the costs of the Series 2017 Project (as defined in the Resolution).

The Series 2017 Bonds are payable solely from the Revenues (as defined in the Resolution) and other moneys and funds pledged pursuant to the Resolution. The Series 2017 Bonds are not secured by ad valorem property taxes levied by the City and are not a general obligation of the City. The Revenues consist principally of certain excise taxes levied by the City, including sales and use taxes levied by the City pursuant to the Local Sales and Use Tax Act, Part 2 of Chapter 12 of Title 59 of the Utah Code. In general, the Revenues are collected by the Utah State Tax Commission and rebated to the City by such Commission under various formulas prescribed in the Utah Code. By statute, the State of Utah has pledged that it will not alter, impair or limit such excise taxes in a manner that reduces the amounts to be rebated to the City until the Series 2017 Bonds are fully paid and discharged; provided, however, that this pledge does not preclude the alteration, impairment or limitation of these excise taxes if adequate provision is made at law for the protection of the holders of the Series 2017 Bonds.

We further certify that we have examined the form of bond prescribed in the Resolution and find the same to be in due form of law.

Based on such examination, we are of the opinion that such proceedings show lawful authority for the issuance of the Series 2017 Bonds under the laws of the State of Utah now in force. It is further our opinion that:

(1) The City has the power under the Act to issue the Series 2017 Bonds and to adopt the Resolution. The Resolution has been duly and lawfully adopted by the City, is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms (subject to the limitations set forth below), and no other authorization for the Resolution is required.

(2) The Resolution creates the valid pledge which it purports to create of the revenues, moneys, securities and funds held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution.

(3) The Series 2017 Bonds are valid and binding special obligations of the City, enforceable in accordance with their terms and the terms of the Resolution (subject to the limitations set forth below), and are entitled to the benefits of the Resolution and the Act. The Series 2017 Bonds have been duly and validly authorized and issued in accordance with law and the Resolution. Neither the faith and credit nor the taxing power of the State of Utah, the City or any other political subdivision is pledged to the payment of the principal or redemption price of, or interest on, the Series 2017 Bonds.

(4) All actions, conditions and things required by the Constitution and laws of the State of Utah to happen, exist and be performed precedent to the sale and issuance of the Series 2017 Bonds have been complied with.

(5) It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Series 2017 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 and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Series 2017 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2017 Bonds. Ownership of the Series 2017 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 Series 2017 Bonds.

(6) Under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2017 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 Series 2017 Bonds may result in other state

and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2017 Bonds.

Enforceability of the Resolution and the Series 2017 Bonds may be limited (a) by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, and (b) by the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State of Utah and to the exercise by the United States of America of the power delegated to it by the federal constitution, to the extent that the obligations of the City under the Resolution and the Series 2017 Bonds are subject to the exercise of such powers.

We express no opinion 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 obligations 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,

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APPENDIX D

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 the City of Provo, Utah (the *"City"*) in connection with the issuance of the City's $4,975,000 Sales Tax Revenue Bonds, Series 2017 (the *"Bonds"*). The Bonds are being issued pursuant to a resolution of the City adopted on February 19, 2004 (the *"Master Resolution"*), as supplemented by a supplemental resolution adopted on October 17, 2017 (the "*Supplemental Resolution*"). The Master Resolution and the Supplemental Resolution are sometimes referred to collectively herein as 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 Number 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 October 17, 2017 (the *"Final Official Statement"*). The Issuer will include the CUSIP Number 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 Indenture.

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 an Event of Default under the Indenture, 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 Indenture 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 Indenture 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 Indenture. 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 Indenture 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.

CITY OF PROVO, 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 captions, "THE 2017 BONDS–Pledged Taxes–Collections" and "HISTORICAL DEBT SERVICE COVERAGE."

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 210 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 E

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 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 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 2017 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 2017 Bonds, except if use of the book–entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 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 2017 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 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017 Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 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 2017 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 2017 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 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2017 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 Paying Agent, 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 Paying Agent, 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 Paying Agent, 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 2017 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, if a successor depository is not obtained, 2017 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, 2017 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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