

# Comprehensive Annual Financial Report

City of Provo, Utah

For the Fiscal Year Ended June 30, 2011

Prepared by Provo City Finance Department

**PROVO CITY CORPORATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2011**

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The City of  
Provo, Utah

The logo for the City of Provo, Utah, featuring the word "Provo" in a bold, black, sans-serif font. The letters are slightly slanted to the right. Below the word is a thick, black diagonal line that starts under the 'P' and extends past the 'o'.

## LETTER OF TRANSMITTAL

November 18, 2011

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, 2011.

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.

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Division of Finance

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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, 2011, 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, 2011, 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, wastewater, sanitation, municipal golf course, and storm

drain utilities. A general aviation airport is 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 fund and the Provo City Stormwater 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 2011 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.

While the local economy has also slowed, it continues to outperform the national economy. The local (Provo-Orem) unemployment rate is down versus the prior-year (7.9 vs. 8.0 percent) but still below the national average of 9.2 percent as of June 30, 2011. The City's general fund total tax revenue of \$26,468,683 was \$853,518 more than budget and \$675,364

or 2.6 percent more than the prior year. Property and vehicle taxes increased by \$35,035 or 0.8 percent over the prior year. Franchise taxes of \$7,716,189 increased by \$314,311 during fiscal 2011. Sales tax revenue of \$13,996,455 increased by \$325,642 or 2.4 percent versus the prior fiscal year. The City is cautiously optimistic that sales tax revenues will slowly continue to improve as the economy improves during the next fiscal year. The City sales tax revenues received during the first two months of the new fiscal year are consistent with this forecast reflecting a combined increase of 1.4 percent on a year-over-year basis for July and August 2011.

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. The City undertook an in-depth and detailed budgeting process for fiscal 2012. A significant level of input was gathered from residents and employees and was carefully considered by the Administration and the City Council when developing and adopting the 2012 budget.

The governmental funds revenues before provision for receivable write-down for fiscal year ending June 30, 2011 were \$61,845,295. Tax revenue made up 57 percent of the total governmental funds revenue. Tax revenue consists of property, vehicle, sales, and franchise taxes. Intergovernmental transfers accounted for an additional 14 percent of the total. The remaining 29 percent is composed of charges for services, licenses and permits, fines and forfeitures, investment earnings, loan repayments/write-offs and miscellaneous revenues.

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

## **LONG-TERM FINANCIAL PLANNING**

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

The City is in the process of working on a 10-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. The



Administration has met with the Municipal Council on a number of occasions and has been reviewing current and possible new revenues sources. Over the next year, the plan is to review all aspects of the 10-year forecast and establish a budget that is sustainable.

## **MAJOR INITIATIVES**

Economic development in Provo focuses on increasing the prosperity of residents and businesses. This is accomplished by creating an environment where business can thrive and grow at sustainable rates. Three major components to increased prosperity are – increasing the retail sales, growing the property tax revenue base and job creation.

At the heart of Provo, the downtown continues to be a center of activity and change. The new Utah Valley Convention Center is scheduled for its first event in spring 2012. Occupying three quarters of the block, the new facility will have 120,000 square feet of space. Included in the building will be a 21,000 square foot ballroom and 18,000 square foot exhibition hall with additional break-out meeting room space and a full service kitchen area.

The NuSkin Innovation Center is now under construction with completion anticipated in the summer of 2013. This new downtown campus will facilitate the consolidation of the majority of its employees into one central facility.

The recent announcement by the Church of Jesus Christ of Latter Day Saints regarding converting the Provo Tabernacle into a temple will bring a significant amount of people downtown. While plans are still in the preliminary stages, it is anticipated that the new temple will serve as new catalyst for growth of existing and new businesses.

Provo has placed a greater emphasis on redevelopment of existing building and the filling of vacant storefront by providing incentives for investment in downtown. Façade grants, building permit and impact fee credits as well as property and sales tax rebates are a few of the incentives being offered to those who invest in the downtown.

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. With the sale of a two and half acre parcel of land to Tom Stuart Construction, a new 40,000 square-foot building will be occupied by December of 2011 for a printing press operation. A roadway and utility infrastructure project also commenced this fall, providing new access to more land that can be sold and

developed. Early in the year, Provo, Utah County, Provo School District and the Central Utah Water Conservancy all collaborated on new tax incentives to encourage land sales and investment/development in the business park.

Through the efforts of the Business Development Corporation, Provo continues to lead the area in high-tech job creation. Making gap financing loans, providing professional mentoring and networking opportunities – small business and early stage businesses are finding an environment for new ideas, products and services. Through these efforts over 30 local businesses added 80 plus jobs to the local economy, leveraged 5 million dollars in additional funding, and significantly increased year-over-year sales.

#### SIGNIFICANT EVENTS

The Central Utah Pipeline – Provo Reach 1 project was a CUWCD project which required significant coordination within the City. The project included reconstruction of Slate Canyon Drive from State Street to 1350 East and Seven Peaks Boulevard from Center Street to 450 North. Also included in the project were new curb, gutter and sidewalk on the west side of Slate Canyon Drive from State Street to the north end of the Bicentennial Park and significant grading on the east portion of the park along Slate Canyon Drive.

The 2011 Road Rehab Project resurfaced several streets in the City including 1860 South, 2050 West, 600 South, 1320 South, 2000 South and other local streets. Also included in this years' project were pavement surface treatments on Mountain Vista Parkway, Ironton Boulevard, Larsen Parkway and local streets in the area west of Geneva Road from 400 North to 600 North. This project also included the installation of the pavement markings on these streets.

The Seven Peaks Boulevard – 300 South to Center Street project includes the construction of a new street from 1350 East and 300 South to Center Street and Seven Peaks Boulevard. The project is currently under construction and expected to be completed by summer of 2012.

The final environmental impact statement (FEIS) has been issued for the Provo Westside Connector Project. Public comments on the document will be taken until November 30, 2011 and a Record of Decision from the Federal Highway Administration is expected to be issued by mid-December. The project has been selected by the Obama Administration as a priority project which is anticipated to accelerate the environmental clearance and permitting processes.

The Transportation Master Plan has been updated and was adopted by the Provo Municipal Council in September of 2011. This process included an update to the city-wide transportation model, adoption of an updated Master Street Plan, an update to the 5 year Capital Facilities Plan for streets, evaluation of the street impact fee and other minor changes to the plan.

Throughout the year ending June 30, 2011, Provo City acquired several parcels of land. Land was acquired in the northeast part of Provo and in the Spring Creek area that will be utilized for future parks. Land was also acquired adjacent to the cemetery that will be utilized for cemetery expansion.

On July 20, 2010, Provo City issued \$6,180,000 of General Obligation Bonds to refinance the remaining Library Bonds that were originally issued on August 1, 1999 to fund the construction of The Provo City Library at Academy Square. The refinancing significantly lowered the interest cost on the bonds. The lower interest rate will save the taxpayers of Provo \$543,561.

On November 2, 2010, voters in Provo approved the issuance of \$39 million of general obligation bonds to fund the construction of a community recreation center. The community recreation center is presently under construction and the City anticipates that construction will be completed by the spring of 2013.

Following the close of the fiscal year, Veracity Communications, Inc. informed the City they would be unable to meet their full monthly obligation with respect to the debt service on the note that is collateralized by the fiber network and related business. The City anticipates the network and the related business will be returned to the City. The City is in the process of exploring all options for the network.

#### 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, 2010. 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. Such 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

# 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, 2010

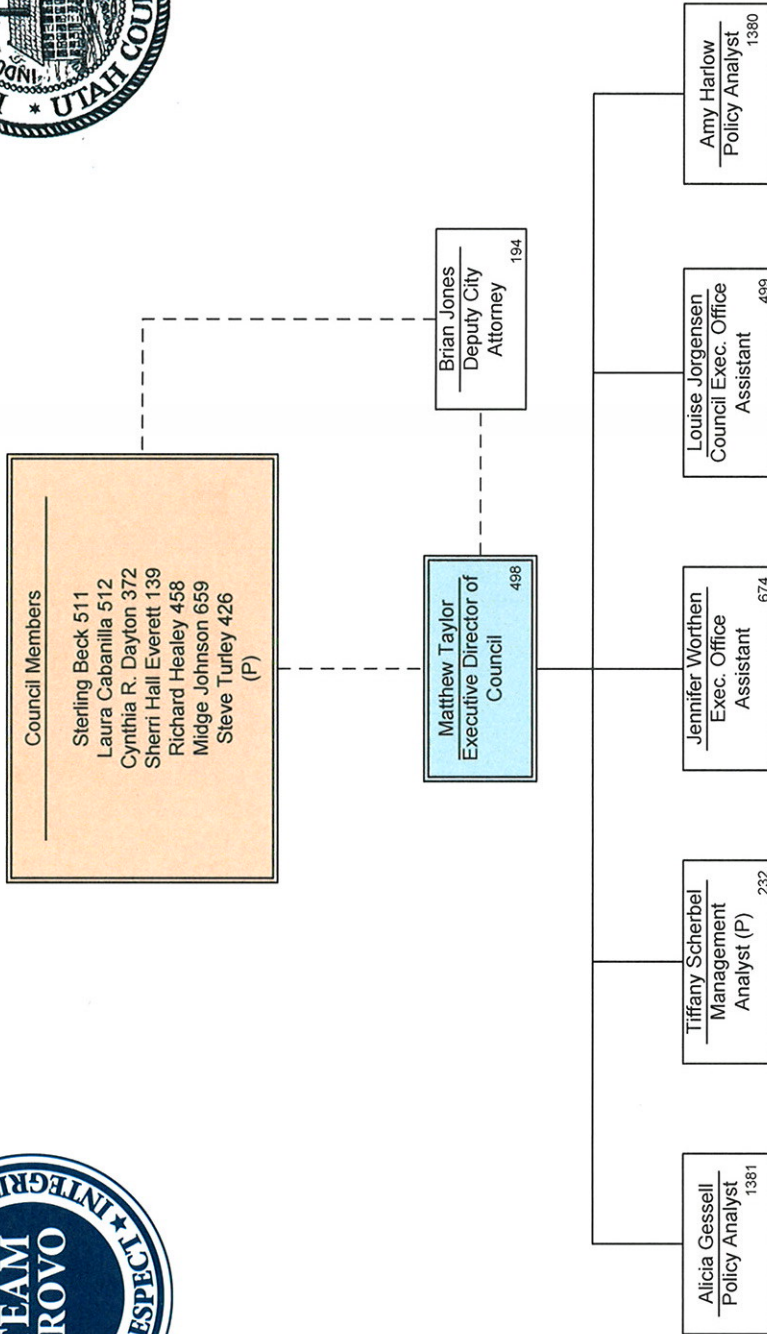
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

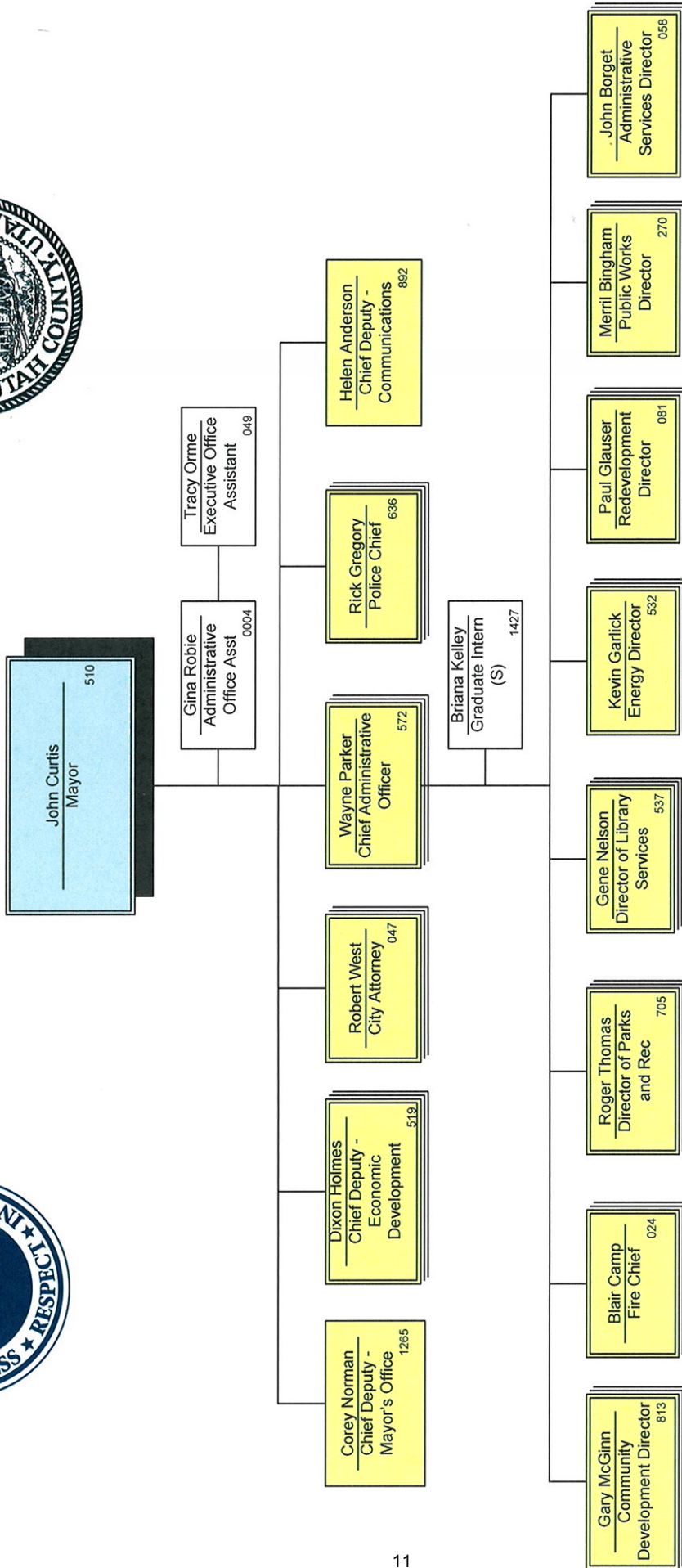
Executive Director

# Organizational Chart





# Organizational Chart



**Legend:**  
 No designation = Full time positions  
 (P) = Part time positions  
 (S) = Seasonal positions (approximate headcounts-function of budget due to fluctuating nature of seasonal programs)  
 (C) = Contract positions  
 (O) = On-call

Chart based on reporting relationship of function

# ELECTED AND STAFF POSITIONS

## MAYOR

John R Curtis

## MUNICIPAL COUNCIL

Rick Healey, 2011 Council Chair

Sterling Beck  
Sherrie Hall Everett  
Steve Turley

Midge Johnson 2011 Vice Chair  
Laura Cabanilla  
Cynthia R Dayton

Executive Director – Matthew Taylor

## EXECUTIVE STAFF

Wayne Parker	Chief Administrative Officer
Corey Norman	Deputy Mayor
Dixon Holmes	Deputy Mayor/Economic Development
Helen Anderson	Public Information Officer

## STATUTORY/OTHER POSITIONS

Paul Glauser	Redevelopment Agency
Denise Roy	Budget Officer
Daniel Follett	Treasurer
Janene Weiss	City Recorder



## DEPARTMENT DIRECTORS

Rick Gregory	Police Department
Blair Camp	Fire Department
John D. Borget	Department of Administrative Services
Robert West	Office of Legal Services
Gary McGinn	Department of Community Development
Roger L. Thomas	Department of Parks and Recreation
Gene Nelson	Department of Library Services
Kevin Garlick	Department of Energy
Merril L. Bingham	Department of Public Works



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# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Members of the City Council and Mayor  
Provo City Corporation, Utah

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, Utah (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Provo City Corporation, Utah, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory section and statistical tables 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 assurance on them.

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

November 18, 2011

## **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, 2011. 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 year's 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 assets decreased by \$7,587,865. The governmental net assets decreased by \$6,694,433 and the business-type net assets decreased by \$893,432.

At the close of the current fiscal year, the assets of the City exceeded its liabilities by \$521,135,515. Of this amount, \$141,906,878 (unrestricted net assets) 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 \$71,747,751, an increase of \$46,633,453 in comparison with the prior year. This change is primarily due to the issuance of government bonds for the Provo City recreation center and an increase in total revenues (\$57.5 million in 2010 vs. \$61.8 million in 2011).

The General Fund (the primary operating fund), also reflected on a current financial resource basis, reported an increase of \$3,002,797 in fund balance. This change is due to an increase in revenues (\$40.3 million in 2011 vs. \$39.2 million in 2010), proceeds from land sales, and a decrease in transfers to other funds.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,547,405 (or 21.46 percent) of 2012 general fund 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 assets* 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 assets* presents information on all assets and liabilities of the City. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets 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 assets of the government changed during the most recent fiscal year. All changes in net assets 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, wastewater, 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 assets*; *the statement of revenues, expenses, and changes in net assets*; 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 of 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, 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 43-91 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 94-129 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

### **Net Assets**

By far the largest portion of the City's total assets (71 percent) reflect 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 asset 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 Assets**

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 104,780,071	\$ 56,471,400	\$ 29,145,151	\$ 34,820,193	\$ 133,925,222	\$ 91,291,593
Capital assets	286,130,173	293,380,914	181,797,037	179,933,998	467,927,210	473,314,912
Other assets	50,143,216	57,979,057	9,274,712	1,548,000	59,417,928	59,527,057
Total assets	441,053,460	407,831,371	220,216,900	216,302,191	661,270,360	624,133,562
Current liabilities	23,119,344	23,932,149	12,317,225	12,035,466	35,436,569	35,967,615
Long-term liabilities	87,125,055	52,583,969	17,573,222	22,067,398	104,698,277	74,651,367
Total liabilities	110,244,399	76,516,118	29,890,447	34,102,864	140,134,846	110,618,982
Net assets:						
Invested in capital assets, net of related debt	200,011,377	240,328,344	161,659,941	155,514,902	361,671,318	395,843,246
Restricted	7,022,619	5,785,353	10,534,700	9,433,221	17,557,319	15,218,574
Unrestricted	123,775,066	85,201,556	18,131,812	17,251,204	141,906,878	102,452,760
Total net assets	\$ 330,809,062	\$ 331,315,253	\$ 190,326,453	\$ 182,199,327	\$ 521,135,515	\$ 513,514,580

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, (Invested in capital assets, net of related debt, Restricted and Unrestricted) both for the government as a whole and for its separate governmental and business-type activities.

**Changes in Net Assets**

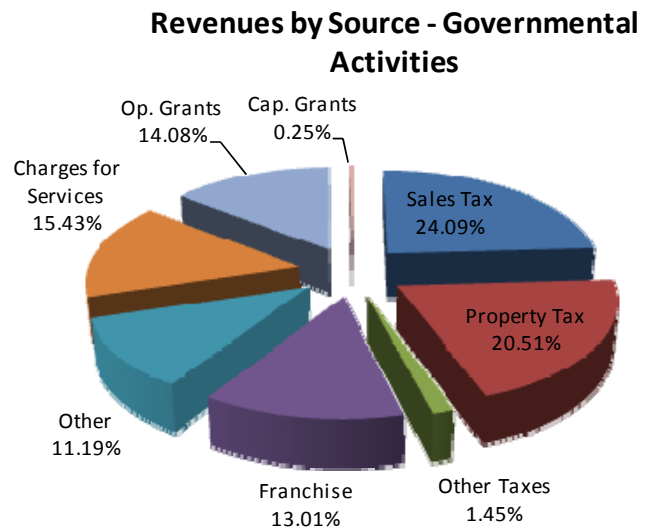
*Governmental Activities*

As shown below in Table 2 – Changes in Net Assets, governmental activities decreased the City’s net assets by \$ 6,694,433 before the restatement of net assets accounting for equity in a joint venture. After the restatement the net assets decreased by \$506,191. The primary elements of this change are as follows.

In the governmental activities, an interfund loan was forgiven by a proprietary fund in the amount of \$5,357,316. A provision for a receivable write-down was also accounted for in the amount of \$12,773,517.

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

Another 20.51 percent of the City’s revenue was derived from property taxes.





**Table 2 - Changes in Net Assets**

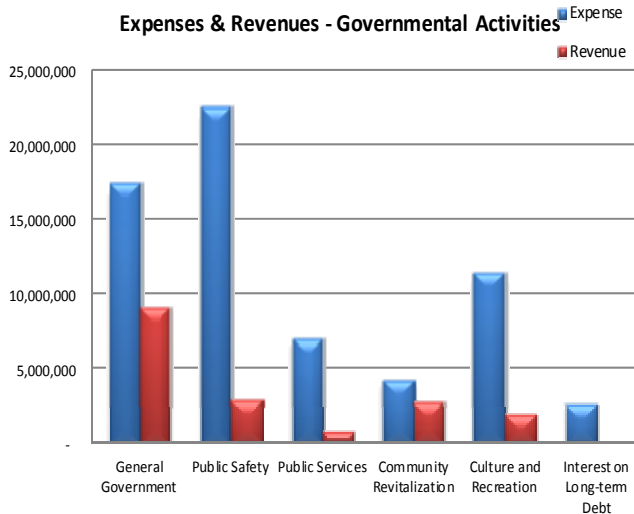
	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 9,153,370	\$ 9,064,071	\$ 71,230,295	\$ 63,079,110	\$ 80,383,665	\$ 72,143,181
Operating grants and contributions	8,355,345	6,827,978	1,542,051	331,499	9,897,396	7,159,477
Capital grants and contributions	146,504	115,823	481,452	289,940	627,956	405,763
General revenues:						
Property taxes	12,164,999	11,627,866			12,164,999	11,627,866
Other taxes	22,862,128	22,269,415			22,862,128	22,269,415
Other	6,638,984	3,030,773	3,565,808	4,634,811	10,204,792	7,665,584
Total revenues	59,321,330	52,935,926	76,819,606	68,335,360	136,140,936	121,271,286
Expenses:						
General government	17,545,606	14,551,210			17,545,606	14,551,210
Public safety	22,667,366	21,951,681			22,667,366	21,951,681
Public services	6,878,502	6,811,313			6,878,502	6,811,313
Community revitalization	4,129,887	2,184,407			4,129,887	2,184,407
Culture and recreation	11,533,298	11,840,073			11,533,298	11,840,073
Interest on long-term debt	2,574,376	2,748,353			2,574,376	2,748,353
Golf course			983,079	982,886	983,079	982,886
Water			5,402,807	5,435,207	5,402,807	5,435,207
Sewer			3,907,991	3,984,906	3,907,991	3,984,906
Energy			48,952,619	44,635,098	48,952,619	44,635,098
Airport			1,360,835	1,745,972	1,360,835	1,745,972
Sanitation			3,221,859	3,048,964	3,221,859	3,048,964
Storm drain			1,797,059	1,847,081	1,797,059	1,847,081
Telecommunications					0	0
Total expenses	65,329,035	60,087,037	65,626,249	61,680,114	130,955,284	121,767,151
Increase in net assets before transfers, special item, and extraordinary item	(6,007,705)	(7,151,111)	11,193,357	6,655,246	5,185,652	(495,865)
Special item:						
Interfund loan write-off	5,357,316	0	(5,357,316)	0	0	0
Extraordinary item:						
Provision for Receivable write-down	(12,773,517)	0	0	0	(12,773,517)	0
Transfers	6,729,473	6,816,084	(6,729,473)	(6,816,084)	0	0
Change in net assets	(6,694,433)	(335,027)	(893,432)	(160,838)	(7,587,865)	(495,865)
Net assets beginning						
As originally stated	331,315,253	331,650,280	182,199,327	182,360,165	513,514,580	514,010,445
Restatement of net assets	6,188,242	0	9,020,558		15,208,800	0
Net assets beginning	337,503,495	331,650,280	191,219,885	182,360,165	528,723,380	514,010,445
Net assets ending	\$ 330,809,062	\$ 331,315,253	\$ 190,326,453	\$ 182,199,327	\$ 521,135,515	\$ 513,514,580

From the prior fiscal year, the revenue from property and other taxes increased \$1,129,846, or 3.33 percent. The increase is the result of higher property tax revenue and higher sales tax revenue.

The General Government category includes expenditures for the following departments; Municipal Council, Mayor’s Office, Community Development, Economic Development, Administrative Services, Legal, Information Systems 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 expenditures 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 \$47,673,816.



Public Safety, which includes fire and police, reports program expenses of \$22,667,366, while program revenues were \$2,148,201 and grant contributions were \$754,178. The result is a net cost of services for Public Safety totaling \$19,764,987.

The net amount of revenue and expenses from Public Safety is 41% 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 \$6,729,473.

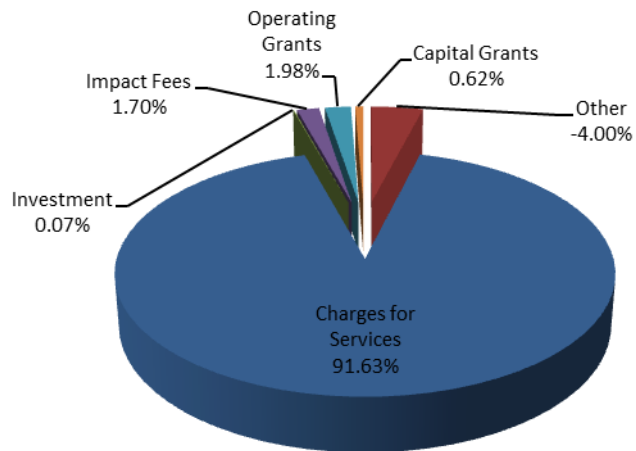
**Business-type Activities**

Business-type activities decreased the City’s net assets by \$893,432, before the restatement of assets to account for equity in a joint venture. Net assets after the restatement increased by \$8,127,126. The primary elements of this change are as follows.

For the business-type activities, program and general revenues were \$5,836,041 greater than expenses (before operating transfers). Transfers of \$6,729,473 resulted in the net decrease of \$893,432.

For business-type activities, 92 percent of the revenue came from charges for services.

**Revenues by Sources - Business-type Activities**



**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 \$71,747,751, an increase of \$46,633,453 from the prior year. This increase is primarily due to the issuance of bonds for the new recreation center. The General Fund's portion of the total fund balance is \$13,459,234, of which \$8,547,405 is unassigned. Housing Consortium's portion of the total fund balance is \$1,356,400, which is all assigned. Telecom Debt Service's portion of the total fund balance is \$1,750,100, which is all assigned. Parks CIP's portion of the total fund balance is \$40,389,091, which is all restricted. Other governmental funds have the remainder of the total fund balance in the amount of \$14,792,926.

The amounts that are unassigned represent funds not designated for a specific purpose. The remainder of fund balance is nonspendable, 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 30 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 36 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 73 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, 2011 and 2010 amounts to \$467,927,210 and \$473,314,912, 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 164,882,683	\$165,003,781	\$ 41,372,454	\$ 41,333,454	\$ 206,255,137	\$ 206,337,235
Land easement	200,983	200,983	0	0	200,983	200,983
Water stock	0	0	2,420,927	2,420,927	2,420,927	2,420,927
Machinery and equipment	8,318,191	8,939,435	8,137,436	8,417,727	16,455,627	17,357,162
Library collection	898,909	918,487	0		898,909	918,487
Buildings	35,872,890	40,505,413	27,657,580	27,603,137	63,530,470	68,108,550
Land improvements	8,221,185	8,702,799	17,488,971	18,394,437	25,710,156	27,097,236
Infrastructure	63,570,242	66,700,827	81,820,276	79,915,501	145,390,518	146,616,328
Construction in progress	4,165,090	2,409,190	2,899,393	1,848,814	7,064,483	4,258,004
<b>Total</b>	<b>\$ 286,130,173</b>	<b>\$293,380,915</b>	<b>\$ 181,797,037</b>	<b>\$179,933,997</b>	<b>\$ 467,927,210</b>	<b>\$ 473,314,912</b>

The total decrease in the City’s investment in capital assets for the current fiscal year was \$5,387,702 (net of accumulated depreciation). The capital assets in governmental activities decreased \$7,250,742 (net of accumulated depreciation). The capital assets in business-type activities increased \$1,863,040 (net of accumulated depreciation). The decrease in total assets is primarily the result of the current year increase in accumulated depreciation.

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

**Business-type Activities**

Land Acquisitions	\$ 39,000
Storm Drain Infrastructure	2,082,103
Sewer Infrastructure	104,369
Energy Infrastructure	1,424,033
Energy Meters	80,109
Water Reclam. Plant Centrifuge	1,529,149
Water Infrastructure	688,237
Airport Upgrades	948,525
<b>Total</b>	<b>\$ 6,895,525</b>

**Governmental Activities**

Energy upgrades to HVAC sys	\$ 86,439
Library collection	46,981
New vehicles	1,718,651
Sidewalks	285,402
Other land transactions	(917,666)
Land acquisitions for parks	796,567
Roads	444,615
<b>Total</b>	<b>\$ 2,460,989</b>

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 2011 fiscal year, the City had long-term debt (Table 4) totaling \$114,551,264. The bonded debt outstanding was \$102,854,446. Of this amount, \$48,594,501 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 \$54,259,945, represents bonds secured solely by specified revenue sources, i.e., revenue bonds.

Long-term debt also includes capital leases in the amount of \$1,613,473, notes payable with an ending balance of \$1,787,973, \$6,891,562 of accrued compensated absences and net OPEB payable of \$1,403,810.

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 \$196,089,000, which is significantly in excess of the City's outstanding general obligation debt of \$48,594,501. (See detailed information in Statistical section-Legal Debt Margin). More detailed information regarding long-term debt can be found in Note 7.

**Table 4 – Long-term Debt**

	<b>Totals</b>	
	2011	2010
<b>Governmental:</b>		
General Obligation Bonds	\$ 48,594,501	\$ 11,679,984
Revenue Bonds	34,122,849	36,234,285
Notes Payable	1,787,973	3,239,048
Capital Leases	1,613,473	1,899,253
Accrued Compensated Absences	5,201,940	4,470,517
Net OPEB Payable	1,020,826	1,040,617
Total governmental	92,341,562	58,563,704
<b>Business-type</b>		
Revenue Bonds	20,137,096	24,419,097
Accrued Compensated Absences	1,689,622	1,717,988
Net OPEB Payable	382,984	390,212
Total Business-type	22,209,702	26,527,297
<b>Total</b>	\$ 114,551,264	\$ 85,091,001

## **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 major governmental funds:

- Appropriate \$500,000 in the Parks Capital Improvement Fund for land purchase.
- Approval to transfer \$2.5 million from B&C Fund to Engineering Capital Improvement Fund relating to the Northwest Connector Project.
- Appropriate \$39,500,642 in Parks Capital Improvement Fund for new recreation center expenses.
- Appropriate \$494,127 in Parks Capital Improvement Fund for expenses related to the new recreation center.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES**

When preparing the City's budget for the 2012 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, 2011. 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 2011-2012 fiscal year. As of the date of this report, the fiscal 2012 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 ASSETS**  
**As of June 30, 2011**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash	\$18,962,715	\$12,995,103	\$31,957,818
Restricted cash	60,040,024	10,534,700	70,574,724
Accounts receivable	16,969,556	11,110,322	28,079,878
Inventory	195,994	1,669,304	1,865,298
Prepaid expenses	6,600	0	6,600
Internal balances	7,907,278	( 7,907,278)	0
Notes receivable	697,904	743,000	1,440,904
<b>Total Current Assets</b>	<b>104,780,071</b>	<b>29,145,151</b>	<b>133,925,222</b>
Noncurrent Assets:			
Capital Assets:			
Non Depreciable	169,248,756	46,692,774	215,941,530
Depreciable assets (net of depreciation)	116,881,417	135,104,263	251,985,680
<b>Total Capital Assets</b>	<b>286,130,173</b>	<b>181,797,037</b>	<b>467,927,210</b>
Other Assets:			
Notes receivable	43,638,909	805,000	44,443,909
Investment in joint venture	6,504,307	8,469,712	14,974,019
<b>Total Noncurrent Assets</b>	<b>336,273,389</b>	<b>191,071,749</b>	<b>527,345,138</b>
<b>Total Assets</b>	<b>\$441,053,460</b>	<b>\$220,216,900</b>	<b>\$661,270,360</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	\$1,960,692	\$1,443,566	\$3,404,258
Accrued liabilities	1,453,331	4,623,649	6,076,980
Accrued interest payable	1,134,741	115,489	1,250,230
Customer deposits	2,703,550	1,498,041	4,201,591
Unearned revenue	10,650,523	0	10,650,523
Accrued compensated absences	260,097	84,480	344,577
Bonds, loans and leases payable	4,956,410	4,552,000	9,508,410
<b>Total Current Liabilities</b>	<b>23,119,344</b>	<b>12,317,225</b>	<b>35,436,569</b>
Long-term Liabilities:			
Accrued compensated absences	4,941,843	1,605,142	6,546,985
Net OPEB payable	1,020,826	382,984	1,403,810
Lease payable	1,316,042	0	1,316,042
Notes payable	1,283,994	0	1,283,994
Bonds payable	78,562,350	15,585,096	94,147,446
<b>Total Long-term Liabilities</b>	<b>87,125,055</b>	<b>17,573,222</b>	<b>104,698,277</b>
<b>Total Liabilities</b>	<b>110,244,399</b>	<b>29,890,447</b>	<b>140,134,846</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	200,011,377	161,659,941	361,671,318
Restricted for:			
Capital projects	4,769,787	4,766,502	9,536,289
Debt service	2,252,832	5,768,198	8,021,030
Unrestricted	123,775,066	18,131,812	141,906,878
<b>Total Net Assets</b>	<b>330,809,062</b>	<b>190,326,453</b>	<b>521,135,515</b>
<b>Total Liabilities and Net Assets</b>	<b>\$441,053,460</b>	<b>\$220,216,900</b>	<b>\$661,270,360</b>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.

**PROVO CITY CORPORATION**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 17,545,606	\$ 5,326,761	\$ 3,910,886	\$ 0	(\$8,307,959)	\$ 0	(\$8,307,959)
Public safety	22,667,366	2,148,201	754,178	0	(19,764,987)	0	(19,764,987)
Public services	6,878,502	99,315	548,286	146,504	(6,084,397)	0	(6,084,397)
Community revitalization	4,129,887	(162,154)	2,963,760	0	(1,328,281)	0	(1,328,281)
Culture and recreation	11,533,298	1,741,247	178,235	0	(9,613,816)	0	(9,613,816)
Interest on long-term debt	2,574,376	0	0	0	(2,574,376)	0	(2,574,376)
Total governmental activities	<u>65,329,035</u>	<u>9,153,370</u>	<u>8,355,345</u>	<u>146,504</u>	<u>(47,673,816)</u>	<u>0</u>	<u>(47,673,816)</u>
<b>Business-type activities:</b>							
Golf course	983,079	514,414	0	0	0	(468,665)	(468,665)
Water	5,402,807	7,254,338	55,098	481,452	0	2,388,081	2,388,081
Sewer	3,907,991	5,590,397	436	0	0	1,682,842	1,682,842
Energy	48,952,619	52,170,100	576,874	0	0	3,794,355	3,794,355
Airport	1,360,835	235,591	872,003	0	0	(253,241)	(253,241)
Sanitation	3,221,859	3,318,996	0	0	0	97,137	97,137
Storm drain	1,797,059	2,146,459	37,640	0	0	387,040	387,040
Total business-type activities	<u>65,626,249</u>	<u>71,230,295</u>	<u>1,542,051</u>	<u>481,452</u>	<u>0</u>	<u>7,627,549</u>	<u>7,627,549</u>
Total primary government	<u>\$130,955,284</u>	<u>\$80,383,665</u>	<u>\$9,897,396</u>	<u>\$627,956</u>	<u>(47,673,816)</u>	<u>7,627,549</u>	<u>(40,046,267)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property					12,164,999	0	12,164,999
Vehicle					858,068	0	858,068
Sales					14,287,871	0	14,287,871
Franchise					7,716,189	0	7,716,189
Joint venture gain (loss)					316,065	(550,846)	(234,781)
Investment earnings					2,217,494	54,500	2,271,994
Miscellaneous					4,105,425	4,062,154	8,167,579
<b>Special item:</b>							
Interfund loan write-off					5,357,316	(5,357,316)	0
<b>Extraordinary item:</b>							
Provision for receivable write-down					(12,773,517)	0	(12,773,517)
Transfers					<u>6,729,473</u>	<u>(6,729,473)</u>	<u>0</u>
Total general revenues and transfers					<u>40,979,383</u>	<u>(8,520,981)</u>	<u>32,458,402</u>
Change in net assets					(6,694,433)	(893,432)	(7,587,865)
Net assets-beginning (restated)					<u>337,503,495</u>	<u>191,219,885</u>	<u>528,723,380</u>
Net assets-ending					<u>\$330,809,062</u>	<u>\$190,326,453</u>	<u>\$521,135,515</u>

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

See the accompanying independent auditors' report.





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PROVO CITY CORPORATION

Balance sheet  
 Governmental Funds  
 As of June 30, 2011

	Governmental Fund Types					Total Governmental Funds
	General	Housing Consortium	Telecom Debt Service	Parks CIP	Other Governmental Funds	
<b>Assets:</b>						
Cash	\$6,872,483	\$0	\$406,808	\$0	\$4,853,655	\$12,132,946
Restricted cash	6,526,071	1,378,586	1,342,689	40,853,090	9,939,588	60,040,024
Accounts receivable	9,457,450	29,271	603	0	7,461,488	16,948,812
Inventory	47,267	0	0	0	0	47,267
Prepays	0	0	0	0	500	500
Loans receivable	0	12,640,551	0	0	4,760,139	17,400,690
Note receivable Action Target	0	0	0	0	886,270	886,270
Note receivable - Veracity	0	0	25,000,000	0	0	25,000,000
Investment in land	0	0	0	0	1,810,369	1,810,369
Due from other funds	663,083	0	0	0	21,234	684,317
<b>Total assets</b>	<b>\$23,566,354</b>	<b>\$14,048,408</b>	<b>\$26,750,100</b>	<b>\$40,853,090</b>	<b>\$29,733,243</b>	<b>\$134,951,195</b>
<b>Liabilities and Fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$847,400	\$51,457	\$0	\$463,999	\$238,189	\$1,601,045
Customer deposits	2,687,554	0	0	0	15,996	2,703,550
Deferred revenue	5,112,752	12,640,551	25,000,000	0	12,430,204	55,183,507
Accrued liabilities	414,444	0	0	0	39,382	453,826
Due to other funds	1,044,970	0	0	0	2,216,546	3,261,516
<b>Total liabilities</b>	<b>10,107,120</b>	<b>12,692,008</b>	<b>25,000,000</b>	<b>463,999</b>	<b>14,940,317</b>	<b>63,203,444</b>
<b>Fund balances</b>						
Fund Balance:						
Nonspendable	47,267	0	0	0	1,810,869	1,858,136
Restricted	4,224,402	0	0	40,389,091	0	44,613,493
Assigned	640,160	1,356,400	1,750,100	0	14,691,276	18,539,383
Unassigned	8,547,405	0	0	0	( 1,709,219)	6,736,739
<b>Total fund balances</b>	<b>13,459,234</b>	<b>1,356,400</b>	<b>1,750,100</b>	<b>40,389,091</b>	<b>14,792,926</b>	<b>71,747,751</b>
<b>Total liabilities and fund balances</b>	<b>\$23,566,354</b>	<b>\$14,048,408</b>	<b>\$26,750,100</b>	<b>\$40,853,090</b>	<b>\$29,733,243</b>	<b>\$134,951,195</b>

The notes to the financial statements are an integral part of this statement.  
 See the accompanying independent auditors' report.

**PROVO CITY CORPORATION**  
**Reconciliation of the Balance Sheets of Governmental Funds**  
**to the Statement of Net Assets**  
**As of June 30, 2011**

Total Fund balance	\$71,747,751
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the fund statements.	285,560,120
Note receivable is recorded on the entity-wide statements and not reported on the fund statements.	19,564
Accrued interest is recorded in the entity-wide statements but not reported in the fund statements.	( 1,073,377)
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 assets.	19,680,226
The governmental funds cumulative allocation of the internal service funds net loss based on use of service are included in the entity-wide statements.	1,052,412
Deferred revenue was reported in the funds to offset loan receivables. In the governmental activities, no expense or revenue is recorded when a loan is made or paid off leaving no deferred revenue liability associated with the loan receivable.	43,772,470
Accrued compensated absences are not due and payable in the current period and are not reported in the funds.	( 5,046,193)
Net OPEB reported in the governmental activities and not in the fund statements.	( 982,583)
Long-term liabilities, including bonds payable are not due and payable in the current period and are not reported in the funds.	<u>( 83,921,328)</u>
Net assets of governmental activities	<u><u>\$330,809,062</u></u>

PROVO CITY CORPORATION  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2011

	General	Housing Consortium	Telecom Debt Service	Parks CIP	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$26,468,683	\$0	\$0	\$0	\$8,558,443	\$35,027,126
Licenses and permits	1,230,795	0	0	0	0	1,230,795
Intergovernmental	4,639,484	637,862	0	69,642	3,065,857	8,412,845
Charges for services	3,072,939	0	0	80,670	477,972	3,631,581
Fines and forfeitures	2,138,426	0	0	0	0	2,138,426
Impact fees	0	0	0	858,758	377,423	1,236,181
Interest income	89,911	5,168	7,564	5,424	136,593	244,660
Loan principal repayments	26,730	759,479	688,541	33,444	232,143	1,740,337
Loan interest repayments	0	30,723	1,984,682	0	33,078	2,048,483
Lease income	0	0	0	0	742,896	742,896
Miscellaneous	2,663,827	(1,686)	0	(43,740)	2,773,564	5,391,965
<b>Total revenues</b>	<b>40,330,795</b>	<b>1,431,546</b>	<b>2,680,787</b>	<b>1,004,198</b>	<b>16,397,969</b>	<b>61,845,295</b>
<b>Expenditures:</b>						
Current:						
General government	9,246,501	0	0	1,437,610	6,478	10,690,589
Public safety	21,437,973	0	0	0	0	21,437,973
Public services	2,861,820	0	0	0	0	2,861,820
Culture and recreation	6,338,589	0	0	0	4,607,250	10,945,839
Community revitalization	2,363,409	1,041,220	0	0	5,733,317	9,137,946
Total current expenditures	42,248,292	1,041,220	0	1,437,610	10,347,045	55,074,167
Debt service:						
Interest expense	1,030	0	1,736,434	0	664,813	2,402,277
Rent/Lease	70,183	0	0	0	78,429	148,612
Principal on debt	0	0	1,480,001	0	10,280,884	11,760,885
Interest - interfund	0	0	215,054	0	140,800	355,854
Service fees on debt	0	0	4,850	0	28,075	32,925
Debt cost of issuance	0	0	0	0	469,139	469,139
Total debt service	71,212	0	3,436,339	0	11,662,140	15,169,691
Capital outlay:						
Capital outlay	1,120,718	0	0	57,500	1,104,613	2,282,831
<b>Total expenditures</b>	<b>43,440,222</b>	<b>1,041,220</b>	<b>3,436,339</b>	<b>1,495,110</b>	<b>23,113,798</b>	<b>72,526,689</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,109,427)</b>	<b>390,326</b>	<b>(755,552)</b>	<b>(490,912)</b>	<b>(6,715,829)</b>	<b>(10,681,394)</b>
<b>Other financing sources (uses):</b>						
Transfers from other funds	10,161,536	0	0	40,095,642	4,972,001	55,229,179
Transfers to other funds	(5,151,812)	0	0	0	(43,886,482)	(49,038,294)
Proceeds from land sales	1,102,500	0	0	0	(615,219)	487,281
Bond proceeds	0	0	0	0	45,279,365	45,279,365
<b>Total other financing sources (uses)</b>	<b>6,112,224</b>	<b>0</b>	<b>0</b>	<b>40,095,642</b>	<b>5,749,665</b>	<b>51,957,531</b>
<b>Special items:</b>						
Interfund loan write-off	0	0	5,357,316	0	0	5,357,316
<b>Total special items</b>	<b>0</b>	<b>0</b>	<b>5,357,316</b>	<b>0</b>	<b>0</b>	<b>5,357,316</b>
<b>Net change in fund balances</b>	<b>3,002,797</b>	<b>390,326</b>	<b>4,601,764</b>	<b>39,604,730</b>	<b>(966,164)</b>	<b>46,633,453</b>
<b>Fund balance at beginning of year</b>	<b>10,456,437</b>	<b>966,074</b>	<b>(2,851,664)</b>	<b>784,361</b>	<b>15,759,090</b>	<b>25,114,298</b>
<b>Fund balance at end of year</b>	<b>\$13,459,234</b>	<b>\$1,356,400</b>	<b>\$1,750,100</b>	<b>\$40,389,091</b>	<b>\$14,792,926</b>	<b>\$71,747,751</b>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.

**PROVO CITY CORPORATION**  
**Reconciliation of the Statement of Revenues**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2011**

Net change in fund balances--total governmental funds	\$46,633,453
<p>Amounts reported for the governmental activities in the statements of activities are different because:</p>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	( 2,830,785)
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.	( 16,617,495)
Revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements.	965,958
Loans to recipients and principal payments from recipients are recorded as an expenditure and a revenue in the governmental funds. However, in the Statement of Net Assets, loans and principal payments are recorded as an increase and a decrease in the loan receivable.	( 1,386,292)
Infrastructure that is contributed from developers is reported as a general revenue in the Statement of Activities, but is not in the fund statements.	146,504
OPEB and accrued compensated absences are recorded in governmental activities and not in the fund statements.	( 586,217)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceed repayments.	( 34,122,847)
The governmental funds allocation of the internal service funds net loss is based on use of service included in the entity-wide statements.	654,135
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	449,153
Change in net assets of governmental activities.	( \$6,694,433)

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.

**Budgetary Comparison Statement  
General Fund  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$25,615,165	\$25,624,826	\$26,468,684	\$843,858
Licenses and permits	1,034,500	1,034,500	1,230,795	196,295
Intergovernmental	3,488,444	4,122,810	4,639,483	516,673
Charges for services	3,294,210	3,382,510	3,072,940	( 309,570)
Fine and forfeitures	2,481,000	2,235,000	2,138,426	( 96,574)
Interest income	52,000	105,594	89,912	( 15,682)
Loan principal repayments	0	0	26,729	26,729
Miscellaneous	2,259,724	2,601,689	2,663,824	62,135
<b>Total revenues</b>	38,225,043	39,106,929	40,330,793	1,223,864
<b>Expenditures:</b>				
Mayor's Office	989,820	969,793	966,214	3,579
Municipal Council	964,477	972,583	709,641	262,942
Personnel	781,801	800,712	786,713	13,999
Finance	1,189,442	1,226,087	1,224,508	1,579
Legal	3,878,568	2,425,901	2,324,019	101,882
Community Development	1,901,488	1,893,755	1,829,611	64,144
Economic Development	551,805	536,571	533,798	2,773
Information Systems	2,200,358	2,174,618	2,020,219	154,399
Nondepartmental	825,692	1,242,602	1,146,387	96,215
Media Services	147,026	147,886	122,557	25,329
Police	13,579,929	13,906,333	13,743,104	163,229
Fire	7,584,969	8,056,215	7,835,257	220,958
Streets	5,391,516	2,474,990	2,376,924	98,066
Engineering	1,199,240	1,331,777	1,317,587	14,190
Parks & Recreation	6,540,090	6,613,534	6,503,682	109,852
<b>Total Expenditures</b>	47,726,221	44,773,357	43,440,221	1,333,136
<b>Excess (deficiency) of revenues over (under) expenditures</b>	( 9,501,178)	( 5,666,428)	( 3,109,428)	2,557,000
<b>Other financing sources (uses):</b>				
Transfers from other funds	8,334,768	9,870,903	10,161,537	290,634
Transfers to other funds	( 2,816,598)	( 5,151,812)	( 5,151,812)	0
Proceeds from land sales	0	0	1,102,500	1,102,500
<b>Total other financing sources (uses)</b>	5,518,170	4,719,091	6,112,225	1,393,134
<b>Net change in fund balance</b>	(\$3,983,008)	(\$947,337)	3,002,797	\$3,950,134
<b>Fund balance at beginning of year</b>			10,456,437	
<b>Fund balance at end of year</b>			\$13,459,234	

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.

**Budgetary Comparison Statement  
Housing Consortium Fund  
For the year ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$694,237	\$694,237	\$637,862	(\$56,375)
Charges for services	732,106	732,106	0	( 732,106)
Interest income	0	0	5,168	5,168
Loan principal repayments	854,296	854,296	759,479	( 94,817)
Loan interest repayments	0	0	30,723	30,723
Miscellaneous	0	0	( 1,687)	( 1,687)
<b>Total revenues</b>	<u>2,280,639</u>	<u>2,280,639</u>	<u>1,431,546</u>	<u>( 849,093)</u>
<b>Expenditures:</b>				
Current:				
Operating expenditures	2,280,867	1,044,441	1,041,220	3,221
Total current expenditures	<u>2,280,867</u>	<u>1,044,441</u>	<u>1,041,220</u>	<u>3,221</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 228)</u>	<u>1,236,198</u>	<u>390,326</u>	<u>( 845,872)</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	( 100,000)	( 100,000)	0	100,000
<b>Total other financing sources (uses)</b>	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>0</u>	<u>100,000</u>
<b>Net change in fund balance</b>	<u>(\$100,228)</u>	<u>\$1,136,198</u>	<u>390,326</u>	<u>(\$745,872)</u>
<b>Fund balance at beginning of year</b>			<u>966,074</u>	
<b>Fund balance at end of year</b>			<u>\$1,356,400</u>	

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.

**PROVO CITY CORPORATION**

**Balance Sheet**

**Proprietary Funds**

**As of June 30, 2011**

**Business-type Activities-Enterprise Funds**

	Golf Course	Water	Waste- Water	Energy	Airport	Sanitation	Storm Drain	Total	Governmental Activities- Internal Service Funds
<b>Assets</b>									
<b>Current Assets:</b>									
Cash	\$92,417	\$1,611,244	\$4,247,348	\$5,115,119	\$0	\$909,897	\$1,019,078	\$12,995,103	\$6,829,769
Restricted cash	0	204,610	940,853	5,563,526	0	0	3,825,711	10,534,700	0
Accounts receivable	0	1,081,630	917,072	7,761,871	641,019	452,204	256,526	11,110,322	1,180
Inventory	0	987,612	0	681,692	0	0	0	1,669,304	148,728
Prepaid expense	0	0	0	0	0	0	0	0	6,100
Current portion note rec.	0	0	0	743,000	0	0	0	743,000	0
Current due from other funds	0	0	0	0	0	0	0	0	38,634
<b>Total Current Assets</b>	<b>92,417</b>	<b>3,885,096</b>	<b>6,105,273</b>	<b>19,865,208</b>	<b>641,019</b>	<b>1,362,101</b>	<b>5,101,315</b>	<b>37,052,429</b>	<b>7,024,411</b>
<b>Noncurrent Assets:</b>									
Capital Assets:									
Non Depreciable	25,098,774	6,563,815	1,631,924	5,096,950	7,848,491	138,196	314,624	46,692,774	0
Depreciable assets	3,007,590	35,075,657	20,759,655	43,820,996	18,926,053	13,519	13,500,793	135,104,263	7,074,361
Net Capital Assets	28,106,364	41,639,472	22,391,579	48,917,946	26,774,544	151,715	13,815,417	181,797,037	7,074,361
Due from other funds	0	0	400,000	2,255,732	0	180,000	0	2,835,732	5,019,726
Note receivable UMPA	0	0	0	805,000	0	0	0	805,000	0
Equity in Joint Venture	0	0	0	0	0	8,469,712	0	8,469,712	0
<b>Total Noncurrent Assets</b>	<b>28,106,364</b>	<b>41,639,472</b>	<b>22,791,579</b>	<b>51,978,678</b>	<b>26,774,544</b>	<b>8,801,427</b>	<b>13,815,417</b>	<b>193,907,481</b>	<b>12,094,087</b>
<b>Total Assets</b>	<b>\$28,198,781</b>	<b>\$45,524,568</b>	<b>\$28,896,852</b>	<b>\$71,843,886</b>	<b>\$27,415,563</b>	<b>\$10,163,528</b>	<b>\$18,916,732</b>	<b>\$230,959,910</b>	<b>\$19,118,498</b>

Note: This statement is continued on the next page.



**PROVO CITY CORPORATION**

**Balance Sheet**

**Proprietary Funds**

**As of June 30, 2011**

**Business-type Activities-Enterprise Funds**

	Golf Course	Water	Waste-Water	Energy	Airport	Sanitation	Storm Drain	Total	Governmental Activities-Internal Service Funds
<b>Liabilities &amp; Net Assets</b>									
<b>Liabilities:</b>									
Accounts payable	\$27,337	\$239,716	\$401,254	\$273,963	\$346,630	\$113,643	\$32,833	\$1,435,376	\$359,650
Accrued liabilities	6,344	26,795	27,056	4,536,489	2,343	16,631	7,991	4,623,649	999,505
Due to other funds	0	636	602	2,097	296,891	362	253	300,841	594
Customer deposits	100	111,778	4,100	1,380,803	1,260	0	0	1,498,041	0
Accrued interest payable	0	10,440	0	81,759	0	0	23,290	115,489	61,366
Accrued compensated absences	1,868	17,598	14,826	35,917	1,922	4,928	7,421	84,480	7,787
Bonds, leases and loans payable	0	192,000	0	3,855,000	0	0	505,000	4,552,000	297,431
<b>Total Current Liabilities</b>	<b>35,649</b>	<b>598,963</b>	<b>447,838</b>	<b>10,166,028</b>	<b>649,046</b>	<b>135,564</b>	<b>576,788</b>	<b>12,609,876</b>	<b>1,726,333</b>
<b>Long-term Liabilities</b>									
Due to other funds	0	400,000	0	0	1,179,726	0	0	1,579,726	3,435,732
Accrued compensated absences	35,507	334,364	281,692	682,444	36,518	93,609	141,008	1,605,142	147,960
Net OPEB Payable	10,689	65,082	57,954	207,084	3,759	23,380	15,036	382,984	38,243
Notes payable	0	0	0	0	0	0	0	0	583,994
Lease payable	0	0	0	0	0	0	0	0	1,316,042
Bonds payable	0	405,300	0	7,945,404	0	0	7,234,392	15,585,096	0
<b>Total Long-term Liabilities</b>	<b>46,196</b>	<b>1,204,746</b>	<b>339,646</b>	<b>8,834,932</b>	<b>1,220,003</b>	<b>116,989</b>	<b>7,390,436</b>	<b>19,152,948</b>	<b>5,521,971</b>
<b>Total Liabilities</b>	<b>81,845</b>	<b>1,803,709</b>	<b>787,484</b>	<b>19,000,960</b>	<b>1,869,049</b>	<b>252,553</b>	<b>7,967,224</b>	<b>31,762,824</b>	<b>7,248,304</b>
<b>Net Assets</b>									
Invested in capital assets, net of related debt	28,106,364	41,042,172	22,391,579	37,117,542	26,774,544	151,715	6,076,025	161,659,941	4,876,894
Restricted for:									
Capital projects	0	0	604,580	0	0	0	3,806,563	4,411,143	0
Debt service	0	200,152	0	4,814,758	0	0	7,168	5,022,078	0
Unrestricted	10,572	2,478,534	5,113,209	10,910,629	(1,228,029)	9,759,259	1,059,750	28,103,925	6,993,300
<b>Total Net Assets</b>	<b>28,116,936</b>	<b>43,720,858</b>	<b>28,109,368</b>	<b>52,842,929</b>	<b>25,546,515</b>	<b>9,910,974</b>	<b>10,949,506</b>	<b>199,197,087</b>	<b>11,870,194</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$28,198,781</b>	<b>\$45,524,568</b>	<b>\$28,896,852</b>	<b>\$71,843,886</b>	<b>\$27,415,563</b>	<b>\$10,163,528</b>	<b>\$18,916,732</b>	<b>\$230,959,910</b>	<b>\$19,118,498</b>

Net assets (proprietary funds) \$199,197,087

Amounts reported for business activities in the statement of net assets 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.

( 8,870,634)

Net assets (proprietary funds/entity-wide)

\$190,326,453

The notes to the financial statements are an integral part of this statement. See the accompanying independent auditors' report.

**PROVO CITY CORPORATION**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>							Governmental Activities Internal Service Funds	
	Golf Course	Water	Waste- Water	Energy	Airport	Sanitation	Storm Drain		Total
<b>Operating Revenues:</b>									
Charges for services	\$507,146	\$7,379,501	\$5,139,819	\$53,291,589	\$0	\$3,353,488	\$2,037,663	\$71,709,206	\$6,569,538
Fees & rentals	0	0	0	0	235,591	0	0	235,591	0
Lease income	7,268	0	0	100,035	0	0	0	107,303	0
State tax reimbursement	0	0	0	0	20,896	0	0	20,896	0
Miscellaneous	50,030	131,914	25,625	3,539,829	48,246	25,128	249,571	4,070,343	534,848
<b>Total operating revenues</b>	<b>564,444</b>	<b>7,511,415</b>	<b>5,165,444</b>	<b>56,931,453</b>	<b>304,733</b>	<b>3,378,616</b>	<b>2,287,234</b>	<b>76,143,339</b>	<b>7,104,386</b>
<b>Operating expenses:</b>									
Salaries and wages	227,343	1,516,806	1,170,429	3,580,607	138,865	754,148	458,093	7,846,291	640,263
Employee benefits	91,602	679,372	585,826	1,740,997	64,819	339,784	193,075	3,695,475	366,626
Operating expenses	396,978	2,854,059	1,596,527	39,563,281	349,730	2,050,997	434,700	47,246,272	5,284,205
Depreciation	300,122	915,697	943,011	3,120,340	910,465	1,528	470,974	6,662,137	1,947,597
<b>Total operating expenses</b>	<b>1,016,045</b>	<b>5,965,934</b>	<b>4,295,793</b>	<b>48,005,225</b>	<b>1,463,879</b>	<b>3,146,457</b>	<b>1,556,842</b>	<b>65,450,175</b>	<b>8,238,691</b>
<b>Operating income (loss)</b>	<b>( 451,601)</b>	<b>1,545,481</b>	<b>869,651</b>	<b>8,926,228</b>	<b>( 1,159,146)</b>	<b>232,159</b>	<b>730,391</b>	<b>10,693,164</b>	<b>( 1,134,305)</b>
<b>Nonoperating revenues (expenses)</b>									
Impact fees	0	157,223	459,971	553,609	0	0	149,621	1,320,424	0
Federal grants	0	55,098	436	576,876	455,558	0	37,640	1,125,608	50,101
State grant	0	0	0	0	395,550	0	0	395,550	0
Interest income	482	12,991	31,671	303,328	879	4,477	39,910	393,738	304,869
Interest expense	0	( 13,955)	0	( 881,485)	0	0	( 233,007)	( 1,128,447)	( 67,698)
Gain (loss) on disp. of assets	0	( 49,612)	( 16,022)	( 753)	( 609)	36,270	2,426	( 28,300)	5,704
Joint Venture gain(loss)	0	0	0	0	0	( 550,846)	0	( 550,846)	0
<b>Total nonoperating revenues (expenses)</b>	<b>482</b>	<b>161,745</b>	<b>476,056</b>	<b>551,575</b>	<b>851,378</b>	<b>( 510,099)</b>	<b>( 3,410)</b>	<b>1,527,727</b>	<b>292,976</b>
<b>Income (loss) before contributions, special items and transfers</b>	<b>( 451,119)</b>	<b>1,707,226</b>	<b>1,345,707</b>	<b>9,477,803</b>	<b>( 307,768)</b>	<b>( 277,940)</b>	<b>726,981</b>	<b>12,220,891</b>	<b>( 841,329)</b>

Note: This statement is continued on the next page.

**PROVO CITY CORPORATION**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	<u>Business-type Activities-Enterprise Funds</u>							Governmental Activities Internal Service Funds	
	Golf Course	Water	Waste- Water	Energy	Airport	Sanitation	Storm Drain	Total	
Special item (interfund loan write-off)	0	0	0	(5,357,316)	0	0	0	(5,357,316)	0
Capital contributions	0	481,452	0	0	0	0	0	481,452	0
Transfers in	102,296	1,075,632	1,587,250	2,214,093	588,332	0	125,000	5,692,603	446,988
Transfers out	0	( 1,448,329)	( 2,509,387)	( 7,644,042)	( 180,000)	( 314,200)	( 326,118)	( 12,422,076)	( 3,164)
<b>Change in Net Assets</b>	<u>( 348,823)</u>	<u>1,815,981</u>	<u>423,570</u>	<u>( 1,309,462)</u>	<u>100,564</u>	<u>( 592,140)</u>	<u>525,863</u>	<u>615,554</u>	<u>( 397,505)</u>
<b>Net Assets at beginning-restated</b>	<u>28,465,759</u>	<u>41,904,878</u>	<u>27,685,799</u>	<u>54,152,391</u>	<u>25,444,952</u>	<u>10,503,114</u>	<u>10,423,643</u>	<u>198,581,533</u>	<u>12,267,699</u>
<b>Net Assets at end of year</b>	<u><u>\$28,116,936</u></u>	<u><u>\$43,720,858</u></u>	<u><u>\$28,109,368</u></u>	<u><u>\$52,842,929</u></u>	<u><u>\$25,546,515</u></u>	<u><u>\$9,910,974</u></u>	<u><u>\$10,949,506</u></u>	<u><u>\$199,197,087</u></u>	<u><u>\$11,870,194</u></u>

Change in net assets (proprietary funds) \$615,554

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

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 was allocated based on use of service to the individual funds in the statement of activities.

( 1,508,986)

Change in net assets (statement of activities)

(\$893,432)

The notes to the financial statements are an integral part of this statement. See the accompanying independent auditors' report.

**PROVO CITY CORPORATION**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

**Business-type Activities/Enterprise Funds**

	Golf Course	Water	Waste- water	Energy	Airport	Sanitation	Storm Drain	Total	Governmental Activities Internal Service Funds
Cash flows from operating activities:									
Receipts from customers and users	\$564,126	\$7,295,395	\$4,756,900	\$55,573,227	(\$327,102)	\$3,271,115	\$2,251,707	\$73,385,368	\$7,110,731
Payments to suppliers	(410,853)	(2,861,832)	(1,730,047)	(39,589,022)	(9,839)	(2,027,486)	(450,640)	(47,079,719)	(4,611,265)
Payments to employees	(330,342)	(2,282,588)	(1,808,718)	(5,426,042)	(205,100)	(1,121,925)	(663,679)	(11,838,394)	(1,356,988)
Payments for claims	0	0	0	0	0	0	0	0	(376,579)
Net cash provided (used) by operating activities	<u>(177,069)</u>	<u>2,150,975</u>	<u>1,218,135</u>	<u>10,558,163</u>	<u>(542,041)</u>	<u>121,704</u>	<u>1,137,388</u>	<u>14,467,255</u>	<u>765,899</u>
Cash flows from noncapital financing activities:									
Loans due from other funds	0	0	0	3,625,258	0	(180,000)	0	3,445,258	22,859
Loans due to other funds	0	(1,131,595)	602	2,097	55,398	362	(3,855,402)	(4,928,538)	(346,304)
Impact fees	0	157,223	459,971	553,609	0	0	149,621	1,320,424	0
Federal and state grants	0	55,098	436	576,876	851,108	0	37,640	1,521,158	50,101
Transfers from other funds	102,296	1,075,632	1,587,250	2,214,093	588,332	0	125,000	5,692,603	446,988
Transfers to other funds	0	(1,448,329)	(2,509,387)	(7,644,042)	(180,000)	(314,200)	(326,118)	(12,422,076)	(3,164)
Net cash provided (used) by noncapital financing activities	<u>102,296</u>	<u>(1,291,971)</u>	<u>(461,128)</u>	<u>(672,109)</u>	<u>1,314,838</u>	<u>(493,838)</u>	<u>(3,869,259)</u>	<u>(5,371,171)</u>	<u>170,480</u>
Cash flows from capital and related financing activities:									
Payments for capital acquisitions	(33,328)	(999,730)	(1,924,945)	(2,087,768)	(948,525)	36,271	(2,113,997)	(8,072,022)	(2,091,699)
Proceeds from sale of capital assets	0	0	0	0	0	0	0	0	456,789
Payments on notes receivable	0	0	0	811,000	0	0	108	811,108	0
Principal paid on bonds payable	0	(181,300)	0	(3,610,134)	0	0	(490,567)	(4,282,001)	0
Interest paid on bonds payable	0	(17,646)	0	(907,878)	0	0	(233,007)	(1,158,531)	0
Principal paid on lease payable	0	0	0	0	0	0	0	0	(405,325)
Interest paid on lease payable	0	0	0	0	0	0	0	0	(78,568)
Net cash provided (used) by capital and related financing activities	<u>(33,328)</u>	<u>(1,198,676)</u>	<u>(1,924,945)</u>	<u>(5,794,780)</u>	<u>(948,525)</u>	<u>36,271</u>	<u>(2,837,463)</u>	<u>(12,701,446)</u>	<u>(2,118,803)</u>
Cash flows from investing activities:									
Receipts of interest	482	12,991	31,671	303,328	879	4,477	39,910	393,738	304,869
Net cash provided by investing activities	<u>482</u>	<u>12,991</u>	<u>31,671</u>	<u>303,328</u>	<u>879</u>	<u>4,477</u>	<u>39,910</u>	<u>393,738</u>	<u>304,869</u>
Net increase (decrease) in cash	(107,619)	(326,681)	(1,136,267)	4,394,602	(174,849)	(\$331,386)	(5,529,424)	(3,211,624)	(877,555)
Cash at beginning of year	200,036	2,142,535	6,324,468	6,284,043	174,849	1,241,283	10,374,213	26,741,427	7,707,324
Cash at end of year	<u>\$92,417</u>	<u>\$1,815,854</u>	<u>\$5,188,201</u>	<u>\$10,678,645</u>	<u>\$0</u>	<u>\$909,897</u>	<u>\$4,844,789</u>	<u>\$23,529,803</u>	<u>\$6,829,769</u>
Cash at end of year consists of:									
Cash	\$92,417	\$1,611,244	\$4,247,348	\$5,115,119	\$0	909,897	\$1,019,078	\$12,995,103	\$6,829,769
Restricted cash	0	204,610	940,853	5,563,526	0	0	3,825,711	10,534,700	0
Total Cash	<u>\$92,417</u>	<u>\$1,815,854</u>	<u>\$5,188,201</u>	<u>\$10,678,645</u>	<u>\$0</u>	<u>\$909,897</u>	<u>\$4,844,789</u>	<u>\$23,529,803</u>	<u>\$6,829,769</u>

Note: This statement is continued on the following page.

**PROVO CITY CORPORATION**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

**Business-type Activities/Enterprise Funds**

	Golf Course	Water	Waste- water	Energy	Airport	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)	(\$451,601)	\$1,545,481	\$869,651	\$8,926,228	(\$1,159,146)	\$232,159	\$730,391	\$10,693,164	(\$1,134,305)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation	300,122	915,697	943,011	3,120,340	910,465	1,528	470,974	6,662,137	1,947,597
Changes in assets and liabilities:									
Decrease (increase) in accounts receivable	(318)	(211,841)	(408,543)	(1,381,478)	(631,835)	(107,500)	(35,527)	(2,777,042)	6,347
Decrease (increase) in inventory	0	(69,876)	0	44,921	0	0		(24,955)	108,812
Increase (decrease) in accounts payable	(13,875)	62,103	(133,521)	(70,666)	339,891	23,511	(15,939)	191,504	186,147
Increase (decrease) in accrued liabilities	(11,933)	(65,303)	(48,544)	(84,709)	(5,505)	(24,323)	(20,716)	(261,033)	(360,967)
Increase (decrease) in customer deposits	0	(4,179)	0	23,254	0	0	0	19,075	0
Increase (decrease) in accrued compensated absences	536	(21,107)	(3,919)	(19,727)	4,089	(3,670)	8,205	(35,593)	12,268
Net cash provided (used) by operating activities	<u>(\$177,069)</u>	<u>\$2,150,975</u>	<u>\$1,218,135</u>	<u>\$10,558,163</u>	<u>(\$542,041)</u>	<u>\$121,704</u>	<u>\$1,137,388</u>	<u>\$14,467,257</u>	<u>\$765,899</u>
Noncash investing, capital, and financing activities:									
Capital asset trade-ins	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$159,414
Contributed capital	\$0	\$481,452	\$0	\$0	\$0	\$0	\$0	\$481,452	\$0

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.



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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**A. Financial Reporting Entity**

The Provo City Corporation (City) was incorporated on February 6<sup>th</sup> of 1851, and is a political subdivision of the State of Utah. The City is governed by an elected mayor and seven elected council members. The City provides services to residents and businesses in a multitude of areas including police and fire protection, parks and recreation, economic development, planning and zoning, water, sewer treatment, airport, telecommunications, 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. 14. These criteria include (1) appointing a voting majority of an organization's governing body, (2) the ability of the City to impose its will on that organization and, (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

***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.



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**(continued)**

The **Municipal Building Authority of Provo City, Utah**, was created March 30, 1989, by the City under the provisions of the Utah Municipal Building Authority Act. The Authority's purpose is to acquire, construct, improve or extend one or more projects and finance the costs of such projects on behalf of the City. The Municipal Building Authority has issued lease revenue bonds to provide funds to the Provo City/Utah County Ice Sheet Authority for construction of a covered ice sheet facility at Seven Peaks. The City's municipal council approves the bond issuance authorizations, and the legal liability for those bonds remains with the City. The Municipal Building Authority is reported as a debt service fund.

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

***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 CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**(continued)**

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 assets and the statement of activities, report information on all of the nonfiduciary 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 assets presents information on all of the City's assets and liabilities, and the difference between the two is reported as net assets. 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.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**Fund Financial Statements**

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

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

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

As per the above criteria, the City's general fund, housing consortium fund, parks capital improvement fund and telecom 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.

Governmental Fund Types

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

*Special revenue funds* are used by the City to account for revenues derived from specific taxes, licenses and intergovernmental grants which are designated to finance particular functions or activities of the City. One of our special revenue funds, the housing consortium fund, is a major fund. This fund distributes federal dollars to provide affordable housing by providing down payment assistance, rehabilitation of homes, and new construction.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

*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. Telecom debt service is used primarily for the repayment of bonds issued for construction of fiber optic network.

*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. The parks capital improvement fund is used primarily for the construction of a new recreation center in Provo.

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, 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, 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

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**(continued)**

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.

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 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds and are subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**(continued)**

**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 31, 33).

**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.

**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 Assets.

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

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**(continued)**

the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All other interfund 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, 2011, for services performed or received after that date are recorded as prepaid items.

**H. Restricted Assets**

Net assets are reported as restricted on the entity-wide statements when constraints placed on net asset 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.

**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.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

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 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:

Assets	Years
Bridges	60
Sidewalks	50
Water & Sewer Lines	75
Buildings (new)	40
Buildings (used)	30
Traffic Signals	30
Roads	20
Building Improvements	20
Storm Drain Infrastructure	30-40
Land Improvements	20
Fire Trucks	10
Communication Lines and Equipment	7
Machinery and Equipment	7
Heavy Duty Equipment	10-40
Library Books	6
Furniture	5
Vehicles	5
Office Equipment	5
Computer Equipment	3-5
Computer Software	3
Garbage Trucks	7
Ambulance	5



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**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 that employees with twenty 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, 2011. 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. 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.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. 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. Governments should

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

**(continued)**

implement Statement 54 no later than the first fiscal year beginning after June 15, 2010. For more information, refer to Note 13.

**M. Bond Discounts/Issuance Costs**

In the government-wide statements, these costs are deferred and amortized over the life of the bonds. For governmental fund types in the fund financial statements, the bond discount and issuance costs are expensed in the period they are incurred.

**N. 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.

**O. Use of Restricted/Unrestricted Net Assets**

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

**P. Special Items**

On the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances, an interfund loan write-off is reported as a special item. This interfund loan write-off is also reported on the Proprietary Statement of Revenues, Expenditures and Changes in Fund Balances. The Statement of Activities accounts for the interfund loan write-off in addition to a provision for a receivable write-down, which also is reported as a special item. It was determined that they were items that were infrequent in occurrence and subject to management's control.

**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 assets as "Cash" and "Restricted Cash." Also included are deposits and investments held by the

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

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**

**Deposits**

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, 2011, \$4,721,108 of the City's bank balance of \$4,971,108 was uninsured and uncollateralized.

**B. Credit Risk**

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

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

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, 2011, the City had investments of \$89,052,712 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. The Energy Fund collects receivables for all utility enterprise funds. It remits the entire amount of the Water, Wastewater, Sanitation, and Storm Drain Funds' collections each month to the respective fund. At year-end each fund is charged for its pro-rata share of uncollectible accounts receivable. Adjustments to allowance for doubtful accounts increase or decrease the related revenue accounts.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 3 – RECEIVABLES (continued)**

Accounts receivable and the associated allowances for uncollectible accounts, at June 30, 2011, consist of the following:

**Governmental Funds**

	General	Housing Consortium	Telecom Debt Service	Nonmajor Funds	Total
Receivables	\$ 10,257,517	\$ 12,669,822	\$ 37,774,120	\$ 13,145,437	\$ 73,846,896
Less: allowance for Uncollectibles	(800,067)	0	(12,773,517)	(37,540)	(13,611,124)
Net total receivables	<u>\$ 9,457,450</u>	<u>\$ 12,669,822</u>	<u>\$ 25,000,603</u>	<u>\$ 13,107,897</u>	<u>\$ 60,235,772</u>
Increase (decrease)					
Revenue related to uncollectibles	\$ 1,246,373	\$ 0	\$ 0	\$ (32,810)	\$ 1,213,563

**Proprietary Funds**

	Waste Water	Water	Energy	Airport	Sanitation	Storm Drain	Total	Internal Service Fund
Receivables	\$ 1,114,282	\$ 1,098,148	\$ 7,918,689	\$ 641,019	\$ 461,222	\$ 261,918	\$ 11,495,278	\$ 1,180
Less: allowance for Uncollectibles	(197,210)	(16,518)	(156,818)	0	(9,018)	(5,392)	(384,956)	0
Net total receivables	<u>\$ 917,072</u>	<u>\$ 1,081,630</u>	<u>\$ 7,761,871</u>	<u>\$ 641,019</u>	<u>\$ 452,204</u>	<u>\$ 256,526</u>	<u>\$ 11,110,322</u>	<u>\$ 1,180</u>
Increase (decrease)								
Revenue related to	\$ 4,450	\$ 2,632	\$ (6,788)	\$ -	\$ 1,928	\$ 863	\$ 3,084	\$ 4

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 2011 and are due in November of 2011 are budgeted for the 2012 fiscal year. Even though they are intended to fund the 2012 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Only the portion of special assessments receivable due within the current fiscal period is considered as susceptible to accrual as revenue of the current period.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 3 – RECEIVABLES (continued)**

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.

Notes receivable and the associated allowances for uncollectible accounts, at June 30, 2011, consist of the following:

	<u>Governmental Activities</u>	<u>Business- type</u>	<u>Total</u>
Business & citizen assistance loans	\$ 57,870,845	\$ 0	\$ 57,870,845
Less: allowance for Uncollectibles	(13,534,032)	0	(13,534,032)
Other notes receivable	0	1,548,000	1,548,000
Net total notes receivable	<u>\$ 44,336,813</u>	<u>\$ 1,548,000</u>	<u>\$ 45,884,813</u>

Governmental funds report deferred revenue in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period (unavailable). Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned). At the end of June 30, 2011, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property tax receivable (general fund)	\$ 0	\$ 3,866,727
Property tax receivable (library fund)	0	2,858,831
Property taxes (debt service fund)	0	3,924,964
Ambulance Billing	0	887,822
Central Billing	0	229,039
Special Improvement Assessment Billing	0	129,164
Notes Receivable	0	43,286,960
	<u>\$ 0</u>	<u>\$ 55,183,507</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 4 – CAPITAL ASSETS**

The following table delineates the capital asset reclassifications as well as the normal capital asset activity for the year ended June 30, 2011:

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Transfer & reclasses	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 165,003,781		\$ 2,408,359	\$ (2,529,457)	\$ 164,882,683
Land Easement	200,983				200,983
Construction in progress	2,409,190		1,755,900		4,165,090
	<u>167,613,954</u>		<u>4,164,259</u>	<u>(2,529,457)</u>	<u>169,248,756</u>
Capital assets being depreciated:					
Machinery and equipment	33,049,770	14,833	1,949,052	(1,989,363)	33,024,292
Library collection	5,594,332		352,802	(305,821)	5,641,313
Buildings	71,988,829		42,000	(5,910,150)	66,120,679
Land improvements	10,210,875		28,930		10,239,805
Infrastructure:					
Trails	911,617				911,617
Traffic signals	6,345,533		63,740		6,409,273
Fiber optic	961,266				961,266
Noise wall	127,160				127,160
Bridges	12,721,826				12,721,826
Roads	92,861,502		444,615		93,306,117
Sidewalks	24,094,056		285,402		24,379,458
Total	<u>258,866,766</u>	<u>14,833</u>	<u>3,166,541</u>	<u>(8,205,334)</u>	<u>253,842,806</u>
Less accumulated depreciation for:					
Machinery and equipment	(24,110,335)		(2,425,715)	1,829,949	(24,706,101)
Library collection	(4,675,845)	(14,833)	(357,547)	305,821	(4,742,404)
Buildings	(31,483,417)		(1,686,855)	2,922,483	(30,247,789)
Land improvements	(1,508,076)		(510,544)		(2,018,620)
Infrastructure:					
Trails	(343,995)		(45,581)		(389,576)
Traffic signals	(2,170,940)		(211,518)		(2,382,458)
Noise Wall	(38,148)		(6,358)		(44,506)
Fiber Optic	(274,648)		(137,324)		(411,972)
Bridges	(3,074,769)		(212,601)		(3,287,370)
Roads	(55,860,467)		(2,829,143)		(58,689,610)
Sidewalks	(9,559,166)		(481,817)		(10,040,983)
Total	<u>(133,099,806)</u>	<u>(14,833)</u>	<u>(8,905,003)</u>	<u>5,058,253</u>	<u>(136,961,389)</u>
Total capital assets, being depreciated, net	125,766,960	0	(5,738,462)	(3,147,081)	116,881,417
Governmental activities capital assets, net	<u>\$ 293,380,914</u>	<u>\$ 0</u>	<u>\$ (1,574,203)</u>	<u>\$ (5,676,538)</u>	<u>\$ 286,130,173</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

Capital asset activity for the year ended June 30, 2011, continued:

	Beginning Balance	Transfer or reclass	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 1,848,814		\$ 2,286,701	\$ (1,236,122)	\$ 2,899,393
Water Stock	2,420,927				2,420,927
Land	41,333,454		39,000		41,372,454
<b>Total</b>	<b>45,603,195</b>	<b>0</b>	<b>2,325,701</b>	<b>(1,236,122)</b>	<b>46,692,774</b>
Capital assets being depreciated:					
Machinery and equipment	17,530,816	(14,833)	615,116	(274,553)	17,856,546
Buildings & Building Improvements	99,027,307		2,233,752		101,261,059
Land improvements	39,788,532		281,163	(472,630)	39,597,065
Infrastructure:					
Storm Drain	25,454,230		2,076,173		27,530,403
Water Lines	43,631,153		763,707	(71,131)	44,323,729
Sewer Lines	21,709,551		137,039	(32,670)	21,813,920
Energy	50,143,160		1,424,033		51,567,193
<b>Total</b>	<b>297,284,749</b>	<b>(14,833)</b>	<b>7,530,983</b>	<b>(850,984)</b>	<b>303,949,915</b>
Less accumulated depreciation for:					
Machinery and equipment	(9,113,089)	14,833	(868,612)	247,758	(9,719,110)
Buildings	(71,424,169)		(2,179,310)		(73,603,479)
Land improvements	(21,394,095)		(1,186,020)	472,021	(22,108,094)
Infrastructure:					
Storm drain	(13,617,789)		(456,237)		(14,074,026)
Water lines	(16,999,806)		(440,915)	20,125	(17,420,596)
Sewer lines	(10,428,271)		(179,136)	15,695	(10,591,712)
Energy	(19,976,727)		(1,351,908)		(21,328,635)
<b>Total</b>	<b>(162,953,946)</b>	<b>14,833</b>	<b>(6,662,138)</b>	<b>755,599</b>	<b>(168,845,652)</b>
Total capital assets, being depreciated, net	134,330,803	0	868,845	(95,385)	135,104,263
Business-type activities capital assets, net	\$ 179,933,998	\$ 0	\$ 3,194,546	\$ (1,331,507)	\$ 181,797,037

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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

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

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

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

Governmental activities:

General government	\$	2,562,988
Public safety		380,690
Public services		3,902,904
Community revitalization		352,433
Culture and recreation		1,705,988
Total depreciation expense - governmental activities	<u>\$</u>	<u>8,905,003</u>

Business-type activities

Golf Course	\$	300,122
Water		915,697
Sewer		943,011
Energy		3,120,340
Airport		910,465
Sanitation		1,528
Storm drain		470,974
Total depreciation expense - business-type activities	<u>\$</u>	<u>6,662,137</u>

The total interest capitalized during the current fiscal year was \$97,097.

**NOTE 5- RISK MANAGEMENT**

The City participates in the Utah State workers compensation program. Premiums paid in fiscal year ending June 30, 2011, from the Employees Benefits Fund were \$211,252, an increase of \$993 from the prior year. Also, the City received a dividend of \$9,957.48 as a result of good claims history.

Cash transfers were made into the employee benefits fund by all other funds and are available to pay the premiums. The interfund transfers are based primarily upon the individual funds' claims experience and are included as an employee benefit under personnel expenses.

As of June 15, 2009 a commercial insurance carrier is responsible for the portion of a claim that exceeds \$500,000 and to a limit of \$10 million per occurrence.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 5- RISK MANAGEMENT (continued)**

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
2011	\$300,000	\$376,579	(\$376,579)	\$300,000
2010	\$300,000	\$270,929	(\$270,929)	\$300,000

**NOTE 6- CAPITAL LEASES**

The City has entered into lease agreements, as lessee, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Original Principal</u>	<u>Interest Rates</u>
Four Pierce Fire Vehicles	\$2,331,718	5.99%
Four Ambulances	824,164	3.73%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Lease payment</u>	<u>Totals</u>
2012	\$ 363,220
2013	363,220
2014	363,220
2015	363,220
2016	363,220
Total minimum lease payments	1,816,100
Less amount representing interest	(202,627)
Present value of minimum lease payments	1,613,473
Amount due within one year	297,431
Amount due after one year	<u>\$ 1,316,042</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 7- 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.

On July 28, 2010, Provo City refinanced library bonds in the amount of \$6,180,000. The original bonds were issued in 1999 for \$16,800,000 and had a balance of \$6,140,000 at the time of issue. The original bonds were issued prior to implementation of GASB 34, therefore there was no amortization of premiums/discounts on the bond issue. No gain or loss was recognized on this refunding.

New general obligation bonds were issued on April 20, 2011 in the amount of \$39,000,000 for the building of a new recreation center in Provo. Current total general obligation bonds have been issued for governmental activities in the amount of \$54,320,000.

***Revenue Bonds***

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years was \$43,529,000 for business-type activities and \$41,600,000 for governmental activities.

***Notes Payable***

The City entered into an agreement on August 7, 2003 with the Department of Housing and Urban Development for a section 108 loan to be used for infrastructure for an industrial business park at 2900 South Mountain Vista Parkway for \$3,500,000.

The City entered into an agreement on October 27, 2004, with Wells Fargo Bank, N.A. to borrow \$975,000 for the construction of a splash pool with related equipment located at the Veterans Memorial Park.

The City entered into an agreement on March 16, 2004, with EsNet Properties to purchase property located at 5720 North Heritage School Drive (250 West) for \$2,440,000. The City paid \$310,382 at closing and a note was issued for \$2,129,618.

The City entered into an agreement on August 21, 2007 with the Provo Foundation to borrow \$1,000,000 to purchase property adjacent to the airport for future airport expansion. The City issued a note to the Foundation for \$1,000,000.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 7- LONG-TERM DEBT** (continued)

*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, 2011 is \$10,400,000.

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, 2011 is \$8,562,627.

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.

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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 7- LONG-TERM DEBT (continued)**

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

Governmental activities

	G.O. Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 2,540,000	\$ 1,384,964	\$ 1,615,000	\$ 1,788,258
2013	2,600,000	1,804,888	1,685,000	1,716,723
2014	2,665,000	1,733,638	1,765,000	1,639,705
2015	2,765,000	1,660,388	1,860,000	1,556,706
2016	1,610,000	1,584,350	1,955,000	1,466,954
2017-2021	8,780,000	7,182,350	10,920,000	5,786,971
2022-2026	10,745,000	5,224,550	14,750,000	2,496,364
2027-2031	13,245,000	2,722,463	-	-
2032	3,040,000	152,000	-	-
	<u>\$47,990,000</u>	<u>\$ 23,449,589</u>	<u>\$ 34,550,000</u>	<u>\$ 16,451,681</u>

	Notes Payable		Total	
	Principal	Interest	Principal	Interest
2012	\$ 629,501	\$ 75,542	\$ 4,784,501	\$ 3,248,764
2013	481,798	47,984	4,766,798	3,569,595
2014	488,388	24,787	4,918,388	3,398,130
2015	145,307	9,415	4,770,307	3,226,509
2016	42,979	2,148	3,607,979	3,053,452
2017-2021	-	-	19,700,000	12,969,321
2022-2026	-	-	25,495,000	7,720,914
2027-2031	-	-	13,245,000	2,722,463
2032	-	-	3,040,000	152,000
	<u>\$ 1,787,973</u>	<u>\$ 159,876</u>	<u>\$ 84,327,973</u>	<u>\$ 40,061,146</u>

Current Portion

Bonds	\$ 4,155,000
Notes	503,979
Leases	297,431
Total Current portion	<u>4,956,410</u>

Long-term Portion

Bonds less unamortized discounts and amount on bond refunding	78,562,348
Notes	1,283,994
Leases	1,316,042
Total Long-term portion	<u>81,162,384</u>
Grand Total	86,118,794
Less: unamortized amounts	177,348
Less Leases	1,613,473
Grand Total	<u>\$ 84,327,973</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 7- LONG-TERM DEBT** (continued)

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

Business-type activities

	Revenue bond	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,552,000	\$ 968,088
2013	4,740,000	719,623
2014	4,928,000	471,536
2015	545,000	251,738
2016	560,000	239,476
2017-2021	3,055,000	911,802
2022-2024	2,065,000	208,750
	<u>\$ 20,445,000</u>	<u>\$ 3,771,013</u>

Current Portion

Bonds	\$ 4,552,000
Total Current portion	<u>4,552,000</u>

Long-term Portion

Bonds less unamortized discounts and amount on bond refunding	<u>15,585,094</u>
Total Long-term portion	<u>15,585,094</u>

Grand Total	20,137,094
Less: unamortized amounts	<u>(307,906)</u>
Grand Total	<u>\$ 20,445,000</u>

The following is a schedule of bonds that were issued by the City and later refunded because lower interest rates were available:

Refunded Long-term Debt

	<u>Original Issue Date</u>	<u>Original Issue Amount</u>	<u>Unpaid Balance June 30, 2011</u>	<u>Final Date of Maturity</u>	<u>Refunding Bonds</u>
1980 A Series Energy Revenue Bonds	12/01/80	\$22,400,000	7,860,300	04/01/15	1985 A Series

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 7- LONG-TERM DEBT** (continued)

Long-term debt activity for the year ended June 30, 2011, was as follows:

	Balance			Balance	
	June 30, 2010	Increases	(Decreases)	June 30, 2011	Amount Due 2012
<b>Governmental activities</b>					
Bonds Payable:					
General obligation bonds					
G.O. 1999 Library Bonds (5.0 - 5.4%)	\$ 6,140,000	\$ 0	\$ (6,140,000)	\$ 0	\$ 0
G.O. 2006 Road Bonds (9.14 - 3.78)	5,510,000	0	(1,025,000)	4,485,000	1,060,000
G.O. 2006 Road Bonds unamortized	29,984	0	(5,997)	23,987	-
G.O. 2011 Rec Center Bond	0	39,000,000	-	39,000,000	-
G.O. 2011 Rec Center unamortized	0	506,689	-	506,689	-
Series 2010A Library	0	6,180,000	(1,675,000)	4,505,000	1,480,000
Series 2010A Library unamortized		73,823		73,823	
2006 increment bond	1,945,000	0	(65,000)	1,880,000	95,000
2006 increment bond unamortized	(41,000)	0	2,645	(38,355)	-
Telecom 2004 Sales Tax Bonds (2.54-5.42%)	34,130,000	0	(1,460,000)	32,670,000	1,520,000
Less Deferred Costs	(414,715)	0	25,919	(388,796)	-
1998A Bldg Authority Bonds (6.00 - 6.80%)	615,000	0	(615,000)	-	-
Total Governmental Fund Bonds	47,914,269	45,760,512	(10,957,433)	82,717,348	4,155,000
Notes Payable:					
Note Payable Hud 108 (4.32%)	1,400,000	0	(350,000)	1,050,000	350,000
Note Payable Esnet (5.80%)	832,730	0	(832,730)	-	-
Note Payable Wells Fargo (3.48%)	302,779	0	(148,800)	153,979	153,979
Note Payable Library Legacy Foundation	703,539	0	(119,545)	583,994	-
Total Notes Payable	3,239,048	0	(1,451,075)	1,787,973	503,979
Capital Leases	1,899,253	0	(285,780)	1,613,473	297,431
Accrued Compensated Absences	4,470,517	954,949	(223,526)	5,201,940	260,097
<b>Total Governmental activity</b>	<b>\$ 57,523,087</b>	<b>\$ 46,715,461</b>	<b>\$ (12,917,814)</b>	<b>\$ 91,320,736</b>	<b>\$ 5,216,507</b>
<b>Long-term liabilities</b>					
<b>Business-type activities</b>					
Revenue Bonds:					
2002 Series A Bonds (5.97-6.22%)	\$ 10,225,000	\$ -	\$ (2,620,000)	\$ 7,605,000	\$ 2,580,000
Less Deferred Issuance Costs	(176,463)	-	44,116	(132,347)	0
Less Deferred Amount on Refunding	(304,535)	-	76,133	(228,402)	0
2003 Series A Energy Bonds (3.0-5.25)	5,525,000	-	(1,075,000)	4,450,000	1,275,000
Plus Deferred Issuance Premium	141,535	-	(35,384)	106,151	0
2003 Series A Water Bonds (2.0-4.25%)	784,000	-	(184,000)	600,000	192,000
Less Deferred Issuance Costs	(5,400)	-	2,700	(2,700)	0
Stormwater 2010A Refunding Bonds (2.0-3.0%)	4,435,000	-	(495,000)	3,940,000	505,000
Less Deferred Issuance Costs	(11,861)	-	1,330	(10,531)	0
Stormwater 2010B Taxable BAB (4.38-5.0%)	3,850,000	-	0	3,850,000	0
Less Deferred Issuance Costs	(43,179)	-	3,103	(40,076)	0
Total Business-type Bonds	24,419,097	0	(4,282,002)	20,137,095	4,552,000
Accrued Compensated Absences	1,717,988	57,533	(85,899)	1,689,622	84,480
<b>Total Business-type</b>	<b>\$ 26,137,085</b>	<b>\$ 57,533</b>	<b>\$ (4,367,901)</b>	<b>\$ 21,826,718</b>	<b>\$ 4,636,480</b>
<b>Long-term liabilities</b>					

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 7- LONG-TERM DEBT (continued)**

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, \$155,747 of internal service funds compensated absences and \$1,613,473 of internal service funds capital leases 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 8 - INTERFUND ASSETS AND LIABILITIES**

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Payable Fund</u>	<u>Receivable Fund</u>	
<u>Governmental Funds</u>			<u>Governmental Funds</u>		
General	Nuisance Abatement	\$ 1,779	General	Library	\$ 21,234
General	C.D.B.G	21,398	General	Capital Resources	1,000,000
General	Homeless Prevention	24,672	General	Facilities Services	21,300
General	New development	50,263	Justice Court	Facilities Services	657
General	Debt Service	397,610	Nuisance Abatement	General Fund	1,779
General	Airport CIP	24,953			
General	Boulder's Grant	50,562			
General	Airport	91,846			
<b>Total Due General Fund</b>		<b>\$ 663,083</b>	<b>Total Payable by General Fund</b>		<b>\$ 1,044,970</b>

<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Payable Fund</u>	<u>Receivable Fund</u>	
<u>Other Governmental Funds</u>			<u>Other Governmental Funds</u>		
Library	General Fund	\$ 21,234	Arts Council	Facilities Services	\$ 1,310
			Boulder's Grant	General Fund	50,562
			C.D.B.G.	General Fund	21,398
			Debt Service	General Fund	397,610
			Homeless Prevention	General Fund	24,672
			Library	Facilities Services	10,731
			New Development	General Fund	50,263
			New Development	Capital Resources	1,660,000
<b>Total Receivable other Gov. funds</b>		<b>\$ 21,234</b>	<b>Total Payable by other Gov. Funds</b>		<b>\$ 2,216,546</b>

<b>Total Due Governmental Funds</b>		<b>\$ 684,317</b>	<b>Total Payable Due by Governmental Funds</b>		<b>\$ 3,261,516</b>
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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 8 - INTERFUND ASSETS AND LIABILITIES (continued)**

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Payable Fund</u>	<u>Receivable Fund</u>		
<b>Internal Service Funds</b>							
Capital Resources	General Fund	\$	1,000,000	Capital Resources	Sanitation CIP	\$	180,000
Capital Resources	New Development		1,660,000	Capital Resources	Energy		2,255,732
Capital Resources	Airport		180,000	Capital Resources	Vehicle Capital Reserve		1,000,000
Capital Resources	Airport CIP		1,179,726	Vehicle Management	Facilities		594
Vehicle Capital Reserve	Capital Resources		1,000,000				
Facilities	General		21,300				
Facilities	Justice Court		657				
Facilities	Library		10,731				
Facilities	Arts Council		1,310				
Facilities	Water		636				
Facilities	Wastewater		602				
Facilities	Energy		2,097				
Facilities	Airport		92				
Facilities	Sanitation		362				
Facilities	Storm Drain		253				
Facilities	Vehicle Management		594				

\*\*\*Includes Current and Noncurrent\*\*\*

**Total due Internal Service Funds** **\$ 5,058,360**

\*\*\*Includes Current and Noncurrent\*\*\*

**Total Payable by Internal Service Funds** **\$ 3,436,326**

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Payable Fund</u>	<u>Receivable Fund</u>		
<b>Enterprise Funds</b>							
Energy	Capital Resource		2,255,732	Airport	General Fund	\$	91,846
Sanitation CIP	Capital Resource		180,000	Airport	Capital Resource		180,000
Wastewater	Water CIP		400,000	Airport	Facilities Services		92
				Airport CIP	General Fund		24,953
				Airport CIP	Capital Resource		1,179,726
				Energy	Facilities Services		2,097
				Sanitation	Facilities Services		362
				Storm Drain	Facilities Services		253
				Wastewater	Facilities Services		602
				Water	Facilities Services		636
				Water CIP	Wastewater		400,000

\*\*\*Includes Current and Noncurrent\*\*\*

**Total Due Enterprise Funds** **\$ 2,835,732**

\*\*\*Includes Current and Noncurrent\*\*\*

**Total Payable by Enterprise Funds** **\$ 1,880,567**

**Total Receivable from other Funds** **\$ 8,578,409**

**Total Payable to other Funds** **\$ 8,578,409**

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**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 8 - INTERFUND ASSETS AND LIABILITIES (continued)**

**Transfers to/From other Funds**

<u>Transfer to</u>	<u>Transfer from</u>		<u>Transfer from</u>	<u>Transfer to</u>	
<u>Governmental Funds</u>			<u>Governmental Funds</u>		
B & C Road	General Fund	\$ 1,475,793	B & C Road	Engineering CIP	\$ 80,000
General Fund	Justice Court	1,455,030	General	Media Services	143,432
General Fund	Water	731,079	General	Arts Council	443,940
General Fund	Wastewater	474,156	General	Debt Service	379,036
General Fund	Energy	5,368,729	General	B & C Roads	1,475,793
General Fund	Sanitation	312,200	General	Parks CIP	500,000
General Fund	Storm Drain	201,118	General	Golf Course	102,296
Media Services	General Fund	143,432	General	Airport	10,778
			General	Airport CIP	85,000
			General	Vehicle Capital Reserve	385,768
			General	Winterfest	13,000
			General	Tax Increment	77,740
			Justice Court	General Fund	1,455,030
<b>Total transferred to General Fund</b>		<b>\$ 10,161,536</b>	<b>Total transferred from General Fund</b>		<b>\$ 5,151,812</b>

<u>Transfer to</u>	<u>Transfer from</u>		<u>Transfer from</u>	<u>Transfer To</u>	
<u>Other Governmental Funds</u>			<u>Other Governmental Funds</u>		
Arts Council	General Fund	\$ 443,939	C.D.B.G.	CNRCC	\$ 164,994
CDBG	Tax Increment	23,673	CNRCC	Homebuyer Assistance Revolving	20,000
CNRCC	CDBG	164,994	Debit Service	Airport CIP	312,554
Debit Service	General Fund	379,036	Debt Service	Parks CIP	39,500,642
Engineering CIP	Mountain Vista	136,000	Engineering CIP	Parks CIP	95,000
Engineering CIP	B & C Roads	80,000	Library Bond Retirement	Library	3,633,619
Homebuyer Assistance R	CNRCC	20,000	Mountain Vista	Engineering CIP	136,000
Library	Library Bond Retirement	3,633,619	Tax Increment	C.D.B.G	23,673
Parks CIP	General Fund	500,000			
Parks CIP	Debt Service	39,500,642			
Parks CIP	Engineering CIP	95,000			
Tax Increment	General Fund	77,740			
Winterfest	General Fund	13,000			
<b>Total transferred to Other Gov. Funds</b>		<b>\$ 45,067,643</b>	<b>Total transferred from Other Gov. Funds</b>		<b>\$ 43,886,482</b>
<b>Total transferred to Governmental Funds</b>		<b>\$ 55,229,179</b>	<b>Total transferred from Governmental Funds</b>		<b>\$ 49,038,294</b>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 8 - INTERFUND ASSETS AND LIABILITIES (continued)**

<u>Transfer To</u>	<u>Transfer From</u>		<u>Transfer from</u>	<u>Transfer To</u>	
<u>Internal Service Funds</u>			<u>Internal Service Funds</u>		
Vehicle Capital Reserve	General Fund	\$	385,768	Computer Lease Bank	\$
Vehicle Capital Reserve	Energy CIP		61,220	General Fund	3,164
<b>Total transferred to Internal Service Funds</b>		<b>\$</b>	<b>446,988</b>	<b>Total transferred from Internal Service Funds</b>	<b>\$</b>
					<b>3,164</b>

<u>Transfers to</u>	<u>Transfers from</u>		<u>Transfers from</u>	<u>Transfers to</u>	
<u>Enterprise Funds</u>			<u>Enterprise Funds</u>		
Airport	General Fund	\$	10,778	Airport	\$
Airport CIP	General Fund		85,000	Airport CIP	180,000
Airport CIP	Airport		180,000	General Fund	5,368,729
Airport CIP	Debt Service		312,554	Energy CIP	2,214,093
Energy CIP	Energy	2,214,093	Energy CIP	Vehicle Capital Reserve	61,220
Golf Course	General Fund		102,296	General Fund	312,200
Storm Drain CIP	Storm Drain	125,000	Sanitation	Water	2,000
Wastewater	Water	107,250	Sanitation	General Fund	201,118
Wastewater CIP	Wastewater	1,480,000	Storm Drain	Storm Drain CIP	125,000
Water	Wastewater	463,632	Wastewater	General Fund	474,156
Water	Sanitation	2,000	Wastewater	Water	463,632
Water CIP	Water	610,000	Wastewater	Wastewater CIP	1,480,000
			Wastewater CIP	General Fund	91,599
			Water	General Fund	731,079
			Water	Water CIP	610,000
			Water	Wastewater	107,250
<b>Total transferred to Enterprise Funds</b>		<b>\$</b>	<b>5,692,603</b>	<b>Total transferred from Enterprise Funds</b>	<b>\$</b>
					<b>12,422,076</b>

\*\*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 \$6,729,473 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.

In the fund statements, there is a difference in interfund transfers of \$94,764. This relates to a transfer of computer equipment and software from the Employee Benefits Fund and the Computer Lease Fund to the General Fund.

<b>Total transfers to all Funds</b>	\$	61,368,770
<b>Total transfers from all Funds</b>		61,463,534
	<b>\$</b>	<b>(94,764)</b>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 9 - 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 67.77 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 provisions of the Single Audit Act of 2004 and the Office of Management and Budget Circular A-133. These grants are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. In the opinion of management, future disallowances of current grant program expenditures, if any, will be immaterial.

As of June 30, 2011, the City was involved in litigation dealing with eight personal injury 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 10- 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 67.77 percent of the energy sales of the Agency to member cities in the current fiscal year and 56.04 percent of all energy sales of the Agency. UMPA billed Provo City \$39,441,769 for energy.

Provo City billed UMPA \$3,134,438 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.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 10 - JOINT VENTURES (continued)**

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:

UMPA

At June 30, 2011

Total assets	\$42,025,140
Total liabilities	<u>(42,021,790)</u>
Total fund equity	<u><u>\$3,350</u></u>

For the year ended June 30, 2011

Total operating revenue	\$66,801,832
Total operating expenses	(63,833,628)
Nonoperating revenue and expense	<u>(2,968,204)</u>
Net income (loss)	<u><u>\$0</u></u>

Complete financial statements for the agency may be obtained at Utah Municipal Power Agency, 40 South Main, 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	<u>0.00%</u>
	<u><u>100.00%</u></u>

A seven-member board composed of the Mayor of each city governs the District. A voting majority of Provo City and at least one other board member or a voting majority of all board

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 10 - JOINT VENTURES (continued)**

members excluding Provo City is needed to approve any significant activity. The City paid the District \$952,275 for user fees for fiscal 2011.

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

At June 30, 2011 (Unaudited)

Total assets	\$17,938,734
Total liabilities	(5,638,614)
Total fund equity	\$12,300,120

For the year ended June 30, 2011 (Unaudited)

Total operating revenue	\$5,465,443
Total operating expenses	(5,411,705)
Nonoperating revenue and expense	93,856
Capital Contributions	9,570
Net income	\$157,164

In fiscal 2011, the City determined that it should account for its equity in the District and made a prior period adjustment of \$9,020,558 based on 2009 audited financial statements. They also made an entry of (\$550,847) to account for the gain/(loss) on a joint venture based on 2010 audited financial statements. The City is currently showing an investment in this joint venture in the amount of \$8,469,712.

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, a member of the City Council and a person appointed by the Mayor. Board decisions are made by a majority of the members of a quorum of the Board of Directors.

**PROVO CITY CORPORATION**  
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**NOTE 10 - JOINT VENTURES (continued)**

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 Management 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:

Ice Sheet

At June 30, 2011

Total assets	\$13,046,941
Total liabilities	(38,328)
Total fund equity	<u>\$13,008,613</u>

For the year ended June 30, 2011

Total operating revenue	\$813,165
Total operating expenses	(1,312,635)
Nonoperating revenue	1,131,599
and expense	
Net income	<u>\$632,129</u>

In fiscal 2011, the City determined that it should account for its equity in the Authority and made a prior period adjustment of \$6,188,242 to account for 50 percent equity ownership in the Provo City/Utah County Ice Sheet Authority. In fiscal 2011, the City recorded a joint venture gain based on 2011 audited financial statements in the amount of \$316,065. Current joint venture equity totals \$6,504,307 as of June 30, 2011.

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.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 10 - JOINT VENTURES (continued)**

**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 \$60,043 for operating costs in fiscal 2011.

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

At June 30, 2011

Total assets	\$333,431
Total liabilities	<u>(27,726)</u>
Total fund equity	<u><u>\$305,705</u></u>

For the year ended June 30, 2011

Total operating revenue	\$336,874
Total operating expenses	(392,191)
Nonoperating revenue and expense	<u>1,196</u>
Net income	<u><u>(\$54,121)</u></u>

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 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to the pension benefits described in Note 12, 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 12. Currently there are 117 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 \$1,303,944 in premiums for retirees during the fiscal year ended June 30, 2011.



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

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.

Full-time regular employees who commenced full time employment with the City before July 1, 1987, may continue to participate in the City medical insurance program after retirement, according to the terms of the current medical insurance program and State Retirement regulations, for themselves and their dependents, by paying the same amount as if they were not retired. Full-time regular employees who commenced full time employment with the City after July 1, 1987, may continue to participate in the City medical insurance program after retirement for themselves and their dependents by paying the full premium cost according to the terms of that current program and the State Retirement regulations. Retired employees who maintain continuous coverage may do so until they reach the age 65 or are eligible for Medicare, whichever comes first. Retired employees who drop medical coverage participation may not be reinstated.

Spouses of retirees hired as full-time employees before July 1, 1987, who are under the age 65, may continue health insurance coverage once their retired spouse has reached age 65 by paying the full premium cost according to the terms of the current City medical insurance program. The spouse must apply for such coverage at the time the retired employee reaches age 65. The spouse may retain such coverage until he/she is age 65 or is eligible for Medicare.

If a Provo City employee hired as a full-time employee before July 1, 1987, dies while still in active service with the City, or after retirement, the spouse under age 65 and eligible dependents may continue medical insurance coverage under the terms of the current program until age 65 so long as he/she does not qualify for coverage with another employer. Provo City will pay a contribution of fifty percent (50%) of the premium for single or family coverage according to the terms of the program currently offered until the spouse reaches age 65, is covered by another employer, or is eligible for Medicare.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

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.

As of July 1, 2009, the date of the latest actuarial valuation, approximately 609 active employees (89 Pre-07/01/87 and 520 Post-07/01/87) and 112 inactive (retired) employees are receiving health insurance benefits from the City.

As of July 1, 2010, the actuarial accrued liability (AAL) for benefits was \$23.3866 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability of \$23.3866 million due to the City's pay-as-you-go accounting. The actuarial cost method used in calculating the net OPEB is projected unit credit using full accrual at full eligibility age.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Net OPEB obligation Beginning of Year	\$ 1,430,829
Annual required contribution/OPEB cost	1,820,596
Contributions Made	(1,303,944)
Adjustment to annual required contribution	(543,671)
Decrease in net OPEB obligations	<u>(27,019)</u>
Net OPEB obligation End of year	<u>\$ 1,403,810</u>

Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 1,178,641	85.96%	\$ 1,571,039
June 30, 2010	1,736,344	61.06%	1,430,829
June 30, 2011	1,820,596	71.62%	1,403,810

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. Annual covered payroll is approximately \$35.39 million; with the ratio of total unfunded actuarial accrued liability to annual covered payroll currently at 4 %.

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 July 1, 2009 actuarial valuation, an interest rate of 4 was used and amortization period of thirty years. The projected annual healthcare cost trend rate is 5.9%.

**NOTE 12 - RETIREMENT PLANS**

The City participates in the Utah Retirement Systems (URS). The URS administers the following separate retirement systems in which the City participates: the Local Governmental Contributory Retirement System (Contributory System), the Local Governmental Noncontributory Retirement System (Noncontributory System), the Public Safety Retirement System (Public Safety System), and the Firefighters Retirement System (Firefighters System).

The Contributory System, the Noncontributory System and the Firefighters System are Cost-Sharing Multiple Employer defined benefit pension plans. The Public Safety System is an Agent-Multiple Employer defined benefit pension plan. The Systems provide retirement benefits, annual cost-of-living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 12 - RETIREMENT PLANS (continued)**

A brief summary of eligibility and benefits is as follows:

	<u>Contributory System</u>	<u>Noncontributory System</u>	<u>Public Safety &amp; Firefighters Systems</u>
Required Service Years	30 years any age	30 years any age	20 years any age
Eligible for Benefit Age	20 years age 60 10 years age 62 4 years age 65	25 years any age 20 years age 62 10 years age 62 4 years age 65	10 years age 60 4 years age 65

The Systems have been established and are governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans.

Chapter 49 places the Systems, the Office and related plans and programs, under the direction of the Utah State Retirement Board (Board), whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102, or by calling 1-800-365-8772.

In accordance with State law, certain exempt employees such as department heads, the Chief Administrative Officer, the Mayor, and City Council members, have the option to elect out of the URS. The City has allowed these employees to put the 13.95 percent that is the City's contribution into privately administered retirement plans or to receive it as additional compensation. All other employees are required to join the URS.

***Cost-Sharing Multiple Employer Plans***

The required contribution rates in effect from July 1, 2010, through June 30, 2011, are as follows, figured on the covered salary for the eligible employees:

	<u>Contribution Rates</u>		
	<u>Employee Paid</u>	<u>Employer Paid For Employee</u>	<u>Employer</u>
Contributory System	1.41%	4.59%	9.36%
Non-contributory System	N/A	N/A	13.37%
Firefighters System	N/A	16.18%	N/A

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
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**NOTE 12 - RETIREMENT PLANS (continued)**

The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City's contributions for the current year and each of the two preceding years are as follows:

<b>System</b>	<b>Year Ended June 30</b>	<b>Employee Paid</b>	<b>Employer Paid for Employee</b>	<b>Employer</b>
Contributory System	2011	\$19,401	\$63,155	\$128,786
	2010	0	104,835	133,664
	2009	0	116,058	147,201
Noncontributory System	2011	N/A	N/A	\$2,455,929
	2010	N/A	N/A	2,250,447
	2009	N/A	N/A	2,359,558
Firefighters System	2011	0	\$636,021	0
	2010	0	384,911	0
	2009	0	398,961	0

The contributions were equal to the required contributions for each year.

***Agent – Multiple Employer Plan***

The required contribution rates in effect from July 1, 2010, through June 30, 2011, are as follows, figured on the covered salary for the eligible employees:

	<b>Contribution Rates</b>		
	<b>Employee Paid</b>	<b>Employer Paid For Employee</b>	<b>Employer</b>
Public Safety System	N/A	N/A	32.98%

The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The City's contributions for the current year and each of the two preceding years are as follows:

<b>Public Safety System</b>	<b>Year Ended June 30</b>	<b>Employee Paid</b>	<b>Employer Paid for Employee</b>	<b>Employer</b>
Noncontributory	2011	\$0	0	\$1,594,225
	2010	0	0	1,547,235
	2009	0	0	1,512,503

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 12 - RETIREMENT PLANS** (continued)

The contributions were equal to the required contributions for each year.

The annual pension cost, the percentage of annual pension cost contributed and the net pension obligation at year end for the current year and each of the two preceding years are as follows:

For the fiscal year ended June 30, 2011, the City's Public Safety System's annual pension cost of \$1,594,225 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2006, actuarial valuation using the entry age normal cost method. The actuarial assumptions include (a) 8 percent investment rate of return (net of administrative expenses), (b) assumed projected salary increases by 4.5 percent (3.5 percent from inflation and 1.00 percent from membership growth), and (c) 2.5 percent cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5 percent. The actuarial value of the City's Public Safety assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period.

The City's Public Safety unfunded actuarial accrued liability is being amortized over 20-year amortization period. Amortization payments are designed to remain level as a percent of a payroll.

Required supplementary information:

Schedule of Funding Progress for Provo City Public Safety

	A	B	C	D	E	F
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (B-A)	Funding Ratios (A/B)	Covered Payroll	UAAL as a Percent of Covered Payroll (C/E)
12-31-09	\$33,504,000	\$47,489,000	\$9,430,000	77%	\$5,006,000	188%
1-1-09	33,227,000	42,432,000	9,205,000	78%	5,105,000	180%
1-1-08	31,740,000	47,489,000	13,985,000	70%	4,892,000	286%

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
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**NOTE 12 - RETIREMENT PLANS** (continued)

The Provo City Public Safety System amortization period was open at June 30, 2011.

Notes to required supplementary schedules:

(1) Schedule of Funding Progress

The information contained in the schedule of funding progress is based on the actuarial study dated January 1, 2006. The actuarial accrued liability is presented based on the report generated by that study conducted by Gabriel, Roeder Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year beginning with the current year. The calculations for this smoothing process are disclosed in note 5 of the notes to the basic financial statements of the URS.

(2) Schedules of Employer Contributions

The required employer contributions and percent of those contributions actually made are presented in the schedule.

(3) Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

***Defined Contribution Plans***

The City participates in a 401(k) plan managed by the URS. All full-time regular municipal employees are eligible to participate in this plan. Although not required by the URS to contribute to the 401(k) plan, the City contributed 3.97 percent of salaries for employees in the Firefighter's System and .58 percent of salaries for employees in the Noncontributory System during fiscal year ended June 30, 2011. The City's contributions to the 401(k) plan are made to provide parity in the City's contribution rate to the two different systems in which its employees participate. City ordinance gives some employees the option to have the City contribute to the 401(k) plan in lieu of other defined benefit plans. The City contributed a total of \$535,316 to the plan during the fiscal year ended June 30, 2011.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 13 - RESTRICTIONS ON FUND BALANCES AND NET ASSETS**

**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. Unexpended 2011 grant money is accounted for in the General Fund. 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 Assets**

In the government-wide financial statements, GASB No. 34 requires the City to separately report certain restricted assets, revenues, and balances. Net assets should be reported as restricted when constraints placed on net asset 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 assets for the City are as follows:

**Restricted Net Assets**

	<u>Governmental Activities</u>	<u>Business type Activities</u>
<b>Restricted for capital projects</b>		
Capital projects	<u>\$ 4,769,787</u>	<u>\$ 4,766,502</u>
<b>Restricted for debt service</b>		
Debt service reserve	\$ 2,252,832	\$ 0
Energy 2002 Bonds	0	811,391
Energy 2003 A Bond	0	4,752,135
Storm Water 2010 Series A	0	3,825,711
Water 2003 Revenue Bond	0	204,610
Total restricted for debt service	<u>\$ 2,252,832</u>	<u>\$ 9,593,847</u>
 Total restricted net assets	 <u>\$ 7,022,619</u>	 <u>\$ 14,360,349</u>

GASB statement 54 requires governments to consistently report fund balances. Fund balance will be displayed in the following classifications:



**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 13 - RESTRICTIONS ON FUND BALANCES AND NET ASSETS**  
**(continued)**

*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 their providers (such as grantors, bondholders, etc.) by enabling legislation

*Assigned*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body

*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's governmental fund balances are reported below using the classifications given in the GASB statement.

	General	Housing Consortium	Telecom Debt Service	Parks CIP	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 47,267					\$ 47,267
Investment in Land					\$ 1,810,869	1,810,869
Restricted for:						
Emergency Response	795,381					795,381
Road Projects	3,429,021					3,429,021
Capital Improvements				\$ 40,389,091		40,389,091
Assigned:						
Council	19,500					19,500
Finance	16,782					16,782
Information Systems	63,382					63,382
Legal	40,000					40,000
Community Development	40,000					40,000
Economic Development	17,500					17,500
General Services	166,842					166,842
Mayor's Office	26,000					26,000
Parks	93,917					93,917
Police	91,532					91,532
Engineering	49,044					49,044
Streets	15,660					15,660
Housing		\$ 1,356,400				1,356,400
Capital Improvements			\$ 1,750,100		5,939,283	7,689,383
Library					4,442,008	4,442,008
Arts Council					237,896	237,896
Winterfest					27,251	27,251
Commercial Rehab					31,457	31,457
Business Development					620,632	620,632
Rental Rehab					463,425	463,425
CDBG					8,438	8,438
Housing Rehab					156,204	156,204
Tax Increment					2,275,619	2,275,619
Homebuyer Assistance					67,983	67,983
Special Purpose Grants					87,556	87,556
CNRCC					204,416	204,416
Economic/Community Investment					293	293
Debt Services					128,815	128,815
Unassigned						
New Development					(1,709,219)	(1,709,219)
General	8,547,405	-	-	-	-	8,547,405
	<u>\$ 13,459,234</u>	<u>\$ 1,356,400</u>	<u>\$ 1,750,100</u>	<u>\$ 40,389,091</u>	<u>\$ 14,792,926</u>	<u>\$ 71,747,751</u>

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 14 - 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 12.05 percent of the gross energy dollar sales and 3 percent of gross water dollar sales.

**NOTE 15 - REDEVELOPMENT AGENCY**

During fiscal year 2011, the Redevelopment Agency of Provo City collected tax increment funds of \$1,782,350 for the Central Business District Project, Project Area Number 4, and the South University Avenue Project. This included \$196,504 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 2011.

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)	\$ 1,880,000
Contract Balances	
Dillards Department Stores	1,283,140
Provo Towne Center Mall	<u>10,636,952</u>
Total Contract Balances	<u>\$ 11,920,092</u>

The Redevelopment Agency’s obligation on the Provo Towne Center Mall includes accrual of eight percent annual interest on the remaining balance, calculated from May 15, 1997. The balance shown is after the fiscal year 2011 payment and includes accrued interest. Tax increment proceeds will be applied to interest owed first.

The Redevelopment Agency had \$3,000 in administrative expenditures for tax increment projects during the fiscal year.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 16 - 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. There was no budget adopted for the Economic/Community Investment fund for fiscal 2011.

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. Budget cannot be legally transferred from department to department for the General Fund without the approval of the Municipal Council.

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 reservations of 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 reappropriation of year-end encumbrances.

Capital projects 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.

The New Development Fund reported a negative fund balance of (\$349,000) as of June 30, 2011. This fund had investment in land that was revalued due to economic conditions. The original value of this land was \$1,315,219. As of June 22, 2011 the city has a real estate purchase contract for the aforementioned land in the amount of \$700,000. The adjustment to write down the land value resulted in a negative fund balance.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 17 – RECONCILIATION OF GOVERNMENTAL FUNDS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

When comparing the capital assets reported on the statement of net assets for governmental funds with the amount reported on the reconciliation between the fund statements and the statement of net assets, there is a difference. The reason the numbers are not the same is because the statement of net assets 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 assets of the internal service funds are reported on one line to explain the difference. The following is a schedule that shows the balances in governmental funds and internal service funds for capital assets and liabilities.

	<u>Governmental Funds</u>	<u>Reported in Fund statements</u>	<u>Internal service Funds</u>	<u>Governmental Activities</u>
<b>Statement of Net Assets:</b>				
Capital assets	\$397,000,287	\$0	\$26,091,274	\$423,091,561
Accumulated depreciation	(117,944,475)	0	(19,016,913)	(136,961,388)
Net	\$279,055,812 *	\$0	\$7,074,361	\$286,130,173 **
Accrued compensated absences (includes current portion)	\$5,046,193 *	\$0	\$155,747	\$5,201,940 **
Net OPEB payable	982,583 *	\$0	38,243	1,020,826 **
Bonds payable	\$82,717,349	\$0	\$0	\$82,717,349
Notes payable	1,203,979	0	583,994	1,787,973
Loans payable			0	0
Leases payable		0	1,613,473	1,613,473
Long-term liabilities (includes current portion)	\$83,921,328 *	\$0	\$2,197,467	\$86,118,795 **
<b>Statement of Activities:</b>				
Capital outlay	\$4,126,619	\$0	\$0	\$4,126,619
Depreciation	(6,957,404)	0	0	(6,957,404)
Net	(2,830,785) ***	0	0	(2,830,785)

\*Reported on reconciliation of the balance sheet for governmental funds to statement of net assets.

\*\*Reported on the statement of net assets in the governmental funds column.

\*\*\*Reported on reconciliation of the statement of revenues, expenditures and changes in fund balance to the statement of activities.

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 18 – INTEREST EXPENSE**

The following is a schedule that shows the amount of interest that was paid during the year, accrued at the end of the year and the total interest capitalized and total charged to expense:

	Beginning <u>Accrued</u>	<u>Incurred</u>	<u>Expensed</u>	<u>Capitalized</u>	Ending <u>Accrued</u>
Governmental funds	\$ 903,670	\$ ( 2,288,168)	\$ 2,457,873	\$0	1,073,375
Internal service funds	72,235	(77,440)	66,571	0	61,366
Enterprise funds	<u>145,455</u>	<u>(1,195,593)</u>	<u>1,068,530</u>	<u>97,097</u>	<u>115,489</u>
Total	<u>\$ 1,121,360</u>	<u>\$ ( 3,561,201)</u>	<u>\$ 3,592,974</u>	<u>\$ 97,097</u>	<u>\$ 1,250,230</u>

**NOTE 19 – Fiber Optic Network**

On August 31, 2008 the fiber optic network was sold to Broadweave Networks of Provo, LLC, a Utah limited liability company. The purchase price for the network was \$40,600,000. The purchase price is to be paid through a secured promissory note over 19 years. The security for the City includes the iProvo network and \$6,000,000 in letters of credit.

In 2009, Broadweave Network merged with Veracity Communications to form Veracity Networks and continued with the ongoing purchase of the fiber optic network under basically the same terms and conditions. Later in 2009 Veracity approached the City and requested an \$82,000 per month reduction in monthly payments for 18 months and agreed to increase the payment in subsequent years to compensate for the reduced payments. Shortly before the eighteen month period ended, Veracity approached the City and indicated there continues to be a gap between the revenues from the network and the monthly contract payments. Veracity informed the City that the company would not be able to make the monthly contract payments throughout the term of the agreement without renegotiating the contract. Veracity indicated the shortfall exists even after subsidizing the company's Provo operations with the results of their business operations outside of Provo and this would not be financially sustainable.

The terms of the agreement with Veracity states that if the surety funds securing the monthly contract payments fall below \$1.6 million, which is the equivalent of six monthly payments, the City would have the option of owning the network again. Veracity has been using the letters of credit to make all or a portion of the monthly payment. As of June 30, 2011, Veracity's most recent payment used the surety funds, and subsequent to year end the surety fund balance is now below \$1.6 million.

Currently, the City is considering a number of options (re-sell the business asset, re-start operation and offer retail Internet services, close the network and salvage the asset, etc.) and plans to select the best option for the City. However, it is clear that all of the options will

**PROVO CITY CORPORATION**  
**Notes to the Financial Statements**  
**JUNE 30, 2011**

**NOTE 19 – Fiber Optic Network (continued)**

experience a shortfall between revenue and the required bond payments. The City is committed to maximizing the value of the network for the public and minimizing the shortfall as much as possible.

With the current surety coming to an end, it has become prudent and imperative for the City to implement a rate charge for the telecom debt service to all electric utility customers. The rate charge will be based on making the annual debt payment of \$3.2 million. It is the desire of the City after selecting the best operating option for the city, the rate charge may be able to be reduced. In order to address the current uncertainty, the City believes it is in the best interest of all to fund a sustainable solution. On September 20, 2011 the Municipal Council approved an Energy rate charge for a Telecom Debt Service Fee to provide funding for future bond payments.

As of June 30, 2011, the City has booked an allowance for doubtful accounts in the amount of \$12,773,517, resulting in a net secured promissory note receivable of \$25,000,000.

Note Receivable	\$ 37,773,517
Provision to Write-down Note	<u>(12,773,517)</u>
Balance as of June 30, 2011	<u><u>\$ 25,000,000</u></u>

The City remains liable for the sales tax revenue bonds that were issued to fund the construction of the fiber network. The balance due on the sales tax revenue bonds as of June 30, 2011 was \$32,670,000. The balance on the letters of credit as of June 30, 2011, was \$1,687,160. The receivable from Veracity and the sales tax revenue bonds are included in the Telecom Debt Service Fund.

**NOTE 20 – Subsequent Events**

In October of 2011, authorization was given by the City council to provide a conduit revenue bond issuance to the Friends of the Coalition Project in an aggregate principal amount of approximately \$2.2 million. These bonds will be used to refinance the costs of acquiring and constructing the Food and Care Coalition building located at 299 East 900 South in Provo, Utah.

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.



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**PROVO CITY CORPORATION**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**As of June 30, 2011**

	<b>Special Revenue</b>				
	Library	Arts Council	Winterfest	Commercial Rehab	Business Development Loans
<b>Assets</b>					
Cash	\$4,339,489	\$274,704	\$27,251	\$0	\$0
Restricted cash	0	0	0	31,457	620,632
Accounts receivable	3,048,377	0	0	0	0
Prepaid expenses	0	0	500	0	0
Loans receivable	0	0	0	45,080	361,765
Note receivable Action Target	0	0	0	0	0
Investment in land	0	0	0	0	0
Due from other funds	21,234	0	0	0	0
<b>Total Assets</b>	<b>\$7,409,100</b>	<b>\$274,704</b>	<b>\$27,751</b>	<b>\$76,537</b>	<b>\$982,397</b>
<b>Liabilities &amp; Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	(\$3,771)	\$14,479	\$0	\$0	\$0
Customer deposits	0	15,996	0	0	0
Deferred revenue	0	0	0	45,080	361,765
Unearned revenue	2,858,831	0	0	0	0
Accrued liabilities	26,067	5,023	0	0	0
Due to other funds	85,965	1,310	0	0	0
<b>Total Liabilities</b>	<b>2,967,092</b>	<b>36,808</b>	<b>0</b>	<b>45,080</b>	<b>361,765</b>
<b>Fund Balance</b>					
Nonspendable	0	0	500	0	0
Assigned	4,442,008	237,896	27,251	31,457	620,632
Unassigned	0	0	0	0	0
<b>Total Fund Balance</b>	<b>4,442,008</b>	<b>237,896</b>	<b>27,751</b>	<b>31,457</b>	<b>620,632</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$7,409,100</b>	<b>\$274,704</b>	<b>\$27,751</b>	<b>\$76,537</b>	<b>\$982,397</b>



**Special Revenue**

Rental Rehab	C.D.B.G.	Housing Rehab	Tax Increment	Homebuyer Assistance Revolving	Special Purpose Grants	New Development	C.N.R.C.C.
\$0	\$0	\$0	\$0	\$0	\$0	\$100	\$0
463,425	0	156,204	2,282,250	67,983	87,556	500	204,416
0	39,921	0	95	0	0	0	0
0	0	0	0	0	0	0	0
619,157	0	164,330	0	622,511	801,984	0	2,145,312
0	0	0	0	0	0	0	0
0	0	0	450,150	0	0	1,360,219	0
0	0	0	0	0	0	0	0
<b>\$1,082,582</b>	<b>\$39,921</b>	<b>\$320,534</b>	<b>\$2,732,495</b>	<b>\$690,494</b>	<b>\$889,540</b>	<b>\$1,360,819</b>	<b>\$2,349,728</b>
\$0	\$2,696	\$0	\$6,726	\$0	\$0	(\$444)	\$0
0	0	0	0	0	0	0	0
619,157	0	164,330	0	622,511	801,984	0	2,145,312
0	0	0	0	0	0	0	0
0	7,389	0	0	0	0	0	0
0	21,398	0	0	0	0	1,710,263	0
619,157	31,483	164,330	6,726	622,511	801,984	1,709,819	2,145,312
0	0	0	450,150	0	0	1,360,219	0
463,425	8,438	156,204	2,275,619	67,983	87,556	0	204,416
0	0	0	0	0	0	( 1,709,219)	0
463,425	8,438	156,204	2,725,769	67,983	87,556	( 349,000)	204,416
<b>\$1,082,582</b>	<b>\$39,921</b>	<b>\$320,534</b>	<b>\$2,732,495</b>	<b>\$690,494</b>	<b>\$889,540</b>	<b>\$1,360,819</b>	<b>\$2,349,728</b>

**Capital Projects**

	Homeless Prevention	Boulders Grant	Economic/Community Investment	General CIP	Engineering CIP
<b>Assets</b>					
Cash	\$0	\$0	\$293	\$0	\$4,640
Restricted cash	0	0	0	743,256	4,224,874
Accounts receivable	119,782	50,562	0	0	74,621
Prepaid expenses	0	0	0	0	0
Loans receivable	0	0	0	0	0
Note receivable Action Target	0	0	0	0	0
Investment in land	0	0	0	0	0
Due from other funds	0	0	0	0	0
<b>Total Assets</b>	<b>\$119,782</b>	<b>\$50,562</b>	<b>\$293</b>	<b>\$743,256</b>	<b>\$4,304,135</b>
<b>Liabilities &amp; Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$119,782	\$50,562	\$0	\$1,800	\$27,250
Customer deposits	0	0	0	0	0
Deferred revenue	0	0	0	0	0
Unearned revenue	0	0	0	0	0
Accrued liabilities	0	0	0	0	903
Due to other funds	0	0	0	0	0
<b>Total Liabilities</b>	<b>119,782</b>	<b>50,562</b>	<b>0</b>	<b>1,800</b>	<b>28,153</b>
<b>Fund Balance</b>					
Nonspendable	0	0	0	0	0
Assigned	0	0	293	741,456	4,275,982
Unassigned	0	0	0	0	0
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>293</b>	<b>741,456</b>	<b>4,275,982</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$119,782</b>	<b>\$50,562</b>	<b>\$293</b>	<b>\$743,256</b>	<b>\$4,304,135</b>

**PROVO CITY CORPORATION**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**As of June 30, 2011**

<b>Debt Service</b>						Total Other Governmental Funds
Mounta Vista	Economic Development	Library Bond Retirement	Debt Service	Building Authority	Commercial Guaranty	
\$0	\$207,178	\$0	\$0	\$0	\$0	\$4,853,655
713,130	0	0	343,905	0	0	9,939,588
6	3,640	0	4,124,484	0	0	7,461,488
0	0	0	0	0	0	500
0	0	0	0	0	0	4,760,139
886,270	0	0	0	0	0	886,270
0	0	0	0	0	0	1,810,369
0	0	0	0	0	0	21,234
<u>\$1,599,406</u>	<u>\$210,818</u>	<u>\$0</u>	<u>\$4,468,389</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,733,243</u>
\$2,086	\$23	\$0	\$17,000	\$0	\$0	\$238,189
0	0	0	0	0	0	15,996
886,270	0	0	0	0	0	5,646,409
0	0	0	3,924,964	0	0	6,783,795
0	0	0	0	0	0	39,382
0	0	0	397,610	0	0	2,216,546
<u>888,356</u>	<u>23</u>	<u>0</u>	<u>4,339,574</u>	<u>0</u>	<u>0</u>	<u>14,940,317</u>
0	0	0	0	0	0	1,810,869
711,050	210,795	0	128,815	0	0	14,691,276
0	0	0	0	0	0	( 1,709,219)
<u>711,050</u>	<u>210,795</u>	<u>0</u>	<u>128,815</u>	<u>0</u>	<u>0</u>	<u>14,792,926</u>
<u>\$1,599,406</u>	<u>\$210,818</u>	<u>\$0</u>	<u>\$4,468,389</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,733,243</u>

**PROVO CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**For the year ended June 30, 2011**

	<b>Special Revenue</b>					
	Library	Arts Council	Winterfest	Commercial Rehab	Business Development Loans	Rental Rehab
<b>Revenues:</b>						
Taxes	\$3,300,665	\$0	\$0	\$0	\$0	\$0
Intergovernmental	32,824	2,000	0	0	0	0
Charges for services	330,932	170	0	0	0	0
Interest income	32,349	1,265	126	163	3,440	2,550
Loan principal repayments	0	0	0	0	172,633	0
Loan interest repayments	0	0	0	0	33,078	0
Lease income	0	0	0	0	0	0
Impact fees	0	0	0	0	0	0
Miscellaneous	18,682	638,345	19,851	0	1,829	0
<b>Total revenues</b>	<b>3,715,452</b>	<b>641,780</b>	<b>19,977</b>	<b>163</b>	<b>210,980</b>	<b>2,550</b>
<b>Expenditures:</b>						
Current:						
General government	0	0	0	0	0	0
Culture and recreation	3,588,331	980,919	38,000	0	0	0
Community revitalization	0	0	0	348	209,679	1,404
<b>Total current expenditures</b>	<b>3,588,331</b>	<b>980,919</b>	<b>38,000</b>	<b>348</b>	<b>209,679</b>	<b>1,404</b>
Debt service:						
Interest expense	0	0	0	0	0	0
Rent/Lease	6,047	2,046	0	0	0	0
Principal on debt	0	0	0	0	0	0
Interest - interfund	0	0	0	0	0	0
Service fees on debt	0	0	0	0	0	0
Debt cost of issuance	0	0	0	0	0	0
<b>Total debt service</b>	<b>6,047</b>	<b>2,046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Capital outlay:						
Capital outlay	13,579	0	0	0	0	0
<b>Total expenditures</b>	<b>3,607,957</b>	<b>982,965</b>	<b>38,000</b>	<b>348</b>	<b>209,679</b>	<b>1,404</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>107,495</b>	<b>( 341,185)</b>	<b>( 18,023)</b>	<b>( 185)</b>	<b>1,301</b>	<b>1,146</b>
<b>Other financing sources (uses):</b>						
Transfers from other funds	3,633,619	443,939	13,000	0	0	0
Transfers to other funds	0	0	0	0	0	0
Proceeds from land sales	0	0	0	0	0	0
Bond proceeds	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>3,633,619</b>	<b>443,939</b>	<b>13,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balance</b>	<b>3,741,114</b>	<b>102,754</b>	<b>( 5,023)</b>	<b>( 185)</b>	<b>1,301</b>	<b>1,146</b>
<b>Fund balance at beginning of year</b>	<b>700,894</b>	<b>135,142</b>	<b>32,774</b>	<b>31,642</b>	<b>619,331</b>	<b>462,279</b>
<b>Fund balance at end of year</b>	<b>\$4,442,008</b>	<b>\$237,896</b>	<b>\$27,751</b>	<b>\$31,457</b>	<b>\$620,632</b>	<b>\$463,425</b>

**Special Revenue**

C.D.B.G.	Housing Rehab	Tax Increment	Homebuyer Assistance Revolving	Special Purpose Grants	New Development	C.N.R.C.C.	Homeless Prevention	Bolders Grant	Economic/ Community Investment
\$0	\$0	\$1,782,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1,891,459	0	0	0	15,811	0	0	320,078	98,550	0
0	0	0	0	0	0	40,000	0	0	0
( 779)	813	15,064	0	0	7,029	0	0	0	0
0	23,250	0	16,230	20,030	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	445,163	0	0	0	0
<u>1,890,680</u>	<u>24,063</u>	<u>1,797,414</u>	<u>16,230</u>	<u>35,841</u>	<u>452,192</u>	<u>40,000</u>	<u>320,078</u>	<u>98,550</u>	<u>0</u>
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>1,420,665</u>	<u>6,527</u>	<u>1,218,936</u>	<u>0</u>	<u>60,030</u>	<u>2,235,477</u>	<u>164,994</u>	<u>320,078</u>	<u>95,179</u>	<u>0</u>
1,420,665	6,527	1,218,936	0	60,030	2,235,477	164,994	320,078	95,179	0
55,518	0	95,305	0	0	0	0	0	0	0
24,479	0	0	0	0	2,000	0	0	3,371	0
350,000	0	65,000	0	0	0	0	0	0	0
0	0	0	0	0	36,300	0	0	0	0
250	0	2,500	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>430,247</u>	<u>0</u>	<u>162,805</u>	<u>0</u>	<u>0</u>	<u>38,300</u>	<u>0</u>	<u>0</u>	<u>3,371</u>	<u>0</u>
0	0	0	0	0	0	0	0	0	0
<u>1,850,912</u>	<u>6,527</u>	<u>1,381,741</u>	<u>0</u>	<u>60,030</u>	<u>2,273,777</u>	<u>164,994</u>	<u>320,078</u>	<u>98,550</u>	<u>0</u>
39,768	17,536	415,673	16,230	( 24,189)	( 1,821,585)	( 124,994)	0	0	0
23,673	0	77,740	20,000	0	0	164,994	0	0	0
( 164,994)	0	( 23,673)	0	0	0	( 20,000)	0	0	0
0	0	0	0	0	( 615,219)	0	0	0	0
0	0	0	0	0	0	0	0	0	0
<u>( 141,321)</u>	<u>0</u>	<u>54,067</u>	<u>20,000</u>	<u>0</u>	<u>( 615,219)</u>	<u>144,994</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>( 101,553)</u>	<u>17,536</u>	<u>469,740</u>	<u>36,230</u>	<u>( 24,189)</u>	<u>( 2,436,804)</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
109,991	138,668	2,256,029	31,753	111,745	2,087,804	184,416	0	0	293
<u>\$8,438</u>	<u>\$156,204</u>	<u>\$2,725,769</u>	<u>\$67,983</u>	<u>\$87,556</u>	<u>(\$349,000)</u>	<u>\$204,416</u>	<u>\$0</u>	<u>\$0</u>	<u>\$293</u>

**PROVO CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Other Governmental Funds**  
**For the year ended June 30, 2011**

**Capital Projects**

	General CIP	Engineering CIP	Mountain Vista	Economic Development	Library Bond Retirement
<b>Revenues:</b>					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	705,135	0	0	0
Charges for services	106,870	0	0	0	0
Interest income	3,867	21,616	2,458	1,013	9,010
Loan principal repayments	0	0	0	0	0
Loan interest repayments	0	0	0	0	0
Lease income	0	0	7,901	73,862	0
Impact fees	0	377,423	0	0	0
Miscellaneous	0	639,936	13,487	1,500	0
<b>Total revenues</b>	<b>110,737</b>	<b>1,744,110</b>	<b>23,846</b>	<b>76,375</b>	<b>9,010</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Community revitalization	0	0	0	0	0
<b>Total current expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt service:</b>					
Interest expense	0	0	0	0	0
Rent/Lease	0	0	0	40,486	0
Principal on debt	0	0	0	0	0
Interest - interfund	0	0	0	0	0
Service fees on debt	0	0	1,500	0	0
Debt cost of issuance	0	0	0	0	0
<b>Total debt service</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>40,486</b>	<b>0</b>
<b>Capital outlay:</b>					
Capital outlay	32,700	1,028,956	23,891	1,444	4,043
<b>Total expenditures</b>	<b>32,700</b>	<b>1,028,956</b>	<b>25,391</b>	<b>41,930</b>	<b>4,043</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>78,037</b>	<b>715,154</b>	<b>( 1,545)</b>	<b>34,445</b>	<b>4,967</b>
<b>Other financing sources (uses):</b>					
Transfers from other funds	0	216,000	0	0	0
Transfers to other funds	0	( 95,000)	( 136,000)	0	( 3,633,618)
Proceeds from land sales	0	0	0	0	0
Bond proceeds	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>121,000</b>	<b>( 136,000)</b>	<b>0</b>	<b>( 3,633,618)</b>
<b>Net change in fund balance</b>	<b>78,037</b>	<b>836,154</b>	<b>( 137,545)</b>	<b>34,445</b>	<b>( 3,628,651)</b>
<b>Fund balance at beginning of year</b>	<b>663,419</b>	<b>3,439,828</b>	<b>848,595</b>	<b>176,350</b>	<b>3,628,651</b>
<b>Fund balance at end of year</b>	<b>\$741,456</b>	<b>\$4,275,982</b>	<b>\$711,050</b>	<b>\$210,795</b>	<b>\$0</b>

<u>Debt Service</u>		
<u>Debt Service</u>	<u>Building Authority</u>	<u>Total Other Governmental Funds</u>
\$3,475,428	\$0	\$8,558,443
0	0	3,065,857
0	0	477,972
36,609	0	136,593
0	0	232,143
0	0	33,078
0	661,133	742,896
0	0	377,423
994,771	0	2,773,564
<u>4,506,808</u>	<u>661,133</u>	<u>16,397,969</u>
6,478	0	6,478
0	0	4,607,250
0	0	5,733,317
<u>6,478</u>	<u>0</u>	<u>10,347,045</u>
472,171	41,820	664,813
0	0	78,429
9,250,884	615,000	10,280,884
104,500	0	140,800
19,513	4,313	28,075
469,139	0	469,139
<u>10,316,207</u>	<u>661,133</u>	<u>11,662,140</u>
0	0	1,104,613
<u>10,322,685</u>	<u>661,133</u>	<u>23,113,798</u>
<u>( 5,815,877)</u>	<u>0</u>	<u>( 6,715,829)</u>
379,036	0	4,972,001
( 39,813,196)	0	( 43,886,482)
0	0	( 615,219)
<u>45,279,365</u>	<u>0</u>	<u>45,279,365</u>
<u>5,845,205</u>	<u>0</u>	<u>5,749,665</u>
<u>29,328</u>	<u>0</u>	<u>( 966,164)</u>
<u>99,487</u>	<u>0</u>	<u>15,759,090</u>
<u>\$128,815</u>	<u>\$0</u>	<u>\$14,792,926</u>

**PROVO CITY CORPORATION**  
**Library Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Property taxes	\$ 3,048,725	\$ 3,012,489	\$ 36,236
Vehicle taxes	251,940	365,000	( 113,060)
State grant	32,824	2,500	30,324
Charge for services	330,932	295,000	35,932
Interest income	32,349	20,000	12,349
Miscellaneous	18,682	0	18,682
<b>Total revenues</b>	<u>3,715,452</u>	<u>3,694,989</u>	<u>( 80,248)</u>
<b>Expenditures:</b>			
Current:			
Salaries and wages	1,622,120	1,639,839	17,719
Employee benefits	568,131	578,148	10,017
Operating expenses	1,398,080	1,409,502	11,422
Total current expenditures	<u>3,588,331</u>	<u>3,627,489</u>	<u>39,158</u>
Debt service:			
Rent/Lease	6,047	14,000	7,953
Total debt service	<u>6,047</u>	<u>14,000</u>	<u>7,953</u>
Capital outlay:			
Capital outlay	13,579	13,579	0
<b>Total expenditures</b>	<u>3,607,957</u>	<u>3,655,068</u>	<u>47,111</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>107,495</u>	<u>39,921</u>	<u>67,574</u>
<b>Other financing sources (uses):</b>			
Transfer from Library Bond Ret	3,633,619	3,653,997	( 20,379)
<b>Total other financing sources (uses):</b>	<u>3,633,619</u>	<u>3,653,997</u>	<u>( 20,379)</u>
<b>Net change in fund balance</b>	3,741,114	<u>\$ 3,693,918</u>	<u>\$ 47,196</u>
<b>Fund balance at beginning of year</b>	<u>700,894</u>		
<b>Fund balance at end of year</b>	<u>\$ 4,442,008</u>		



**PROVO CITY CORPORATION**  
**Arts Council Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
State grant	\$ 2,000	\$ -	\$ 2,000
Charge for services	170	-	170
Interest income	1,265	2,500	( 1,235)
Miscellaneous	638,345	526,900	111,444
<b>Total revenues</b>	<u>641,780</u>	<u>529,400</u>	<u>112,379</u>
<b>Expenditures:</b>			
Current:			
Salaries and wages	359,552	352,130	( 7,422)
Employee benefits	126,274	133,739	7,465
Operating expenses	495,093	516,186	21,093
Total current expenditures	<u>980,919</u>	<u>1,002,055</u>	<u>21,136</u>
Debt service:			
Rent/Lease	<u>2,046</u>	<u>1,500</u>	<u>( 546)</u>
Total debt service	2,046	1,500	( 546)
<b>Total expenditures</b>	<u>982,965</u>	<u>1,003,555</u>	<u>20,590</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 341,185)</u>	<u>( 474,155)</u>	<u>132,969</u>
<b>Other financing sources (uses):</b>			
Transfer from general fund	<u>443,939</u>	<u>443,939</u>	<u>0</u>
<b>Total other financing sources (uses):</b>	<u>443,939</u>	<u>443,939</u>	<u>0</u>
<b>Net change in fund balance</b>	102,754	<u>\$ (30,216)</u>	<u>\$ 132,969</u>
<b>Fund balance at beginning of year</b>	<u>135,142</u>		
<b>Fund balance at end of year</b>	<u>\$ 237,896</u>		

**PROVO CITY CORPORATION**  
**Winterfest Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 126	\$ -	\$ 126
Miscellaneous	19,851	25,000	( 5,149)
<b>Total revenues</b>	<u>19,977</u>	<u>25,000</u>	<u>( 5,023)</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	38,000	38,000	0
Total current expenditures	<u>38,000</u>	<u>38,000</u>	<u>0</u>
<b>Total expenditures</b>	<u>38,000</u>	<u>38,000</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 18,023)</u>	<u>( 13,000)</u>	<u>( 5,023)</u>
<b>Other financing sources (uses):</b>			
Transfer from general fund	13,000	13,000	0
<b>Total other financing sources (uses):</b>	<u>13,000</u>	<u>13,000</u>	<u>0</u>
<b>Net change in fund balance</b>	( 5,023)	<u>\$ -</u>	<u>\$ (5,023)</u>
<b>Fund balance at beginning of year</b>	<u>32,774</u>		
<b>Fund balance at end of year</b>	<u>\$ 27,751</u>		

**PROVO CITY CORPORATION**  
**Commercial Rehab Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 163	\$ 1,000	\$ (837)
<b>Total revenues</b>	163	1,000	( 837)
<b>Expenditures:</b>			
Current:			
Operating expenses	348	1,060	712
Total current expenditures	348	1,060	712
<b>Total expenditures</b>	348	1,060	712
<b>Excess (deficiency) of revenues over (under) expenditures</b>	( 185)	( 60)	( 125)
<b>Net change in fund balance</b>	( 185)	\$ (60)	\$ (125)
<b>Fund balance at beginning of year</b>	31,642		
<b>Fund balance at end of year</b>	\$ 31,457		

**PROVO CITY CORPORATION**  
**Business Dev. Corp. of Provo Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 3,440	\$ 25,000	\$ (21,560)
Principal payments	172,633	200,000	( 27,367)
Interest payments	33,078	30,000	3,078
Miscellaneous	1,829	0	1,829
<b>Total revenues</b>	210,980	255,000	( 44,020)
<b>Expenditures:</b>			
Current:			
Operating expenses	209,679	230,936	21,257
Total current expenditures	209,679	230,936	21,257
<b>Total expenditures</b>	209,679	230,936	21,257
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,301	24,064	( 22,763)
<b>Net change in fund balance</b>	1,301	\$ 24,064	\$ (22,763)
<b>Fund balance at beginning of year</b>	619,331		
<b>Fund balance at end of year</b>	\$ 620,632		

**PROVO CITY CORPORATION**  
**Rental Rehab Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 2,550	\$ 10,000	\$ (7,450)
<b>Total revenues</b>	2,550	10,000	(7,450)
<b>Expenditures:</b>			
Current:			
Operating expenses	1,404	12,700	11,296
Total current expenditures	1,404	12,700	11,296
<b>Total expenditures</b>	1,404	12,700	11,296
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,146	(2,700)	3,846
<b>Net change in fund balance</b>	1,146	\$ (2,700)	\$ 3,846
<b>Fund balance at beginning of year</b>	462,279		
<b>Fund balance at end of year</b>	\$ 463,425		

**PROVO CITY CORPORATION**  
**C.D.B.G. Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Federal grant	\$1,891,459	\$1,846,961	\$44,498
Interest income	( 779)	0	( 779)
Miscellaneous	0	97,505	( 97,505)
<b>Total revenues</b>	<u>1,890,680</u>	<u>1,944,466</u>	<u>( 53,786)</u>
<b>Expenditures:</b>			
Current:			
Salaries and wages	305,683	426,509	120,826
Employee benefits	198,450	208,750	10,300
Operating expenses	916,532	1,332,850	416,318
Total current expenditures	<u>1,420,665</u>	<u>1,968,109</u>	<u>547,445</u>
Debt service:			
Rent/Lease	24,479	24,000	( 479)
Principal on debt	350,000	0	( 350,000)
Interest on debt	31,640	0	( 31,640)
Interest on debt 108 loan	23,878	0	( 23,878)
Service fees on debt	250	0	( 250)
Total debt service	<u>430,247</u>	<u>24,000</u>	<u>( 406,247)</u>
<b>Total expenditures</b>	<u>1,850,912</u>	<u>1,992,109</u>	<u>141,197</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>39,768</u>	<u>( 47,643)</u>	<u>87,411</u>
<b>Other financing sources (uses):</b>			
Transfer from tax increment	23,673	23,673	0
Transfer from Housing Const	0	100,000	( 100,000)
Transfer from Homeless Prevent	0	10,000	( 10,000)
Transfer from Boulder's Grant	0	13,000	( 13,000)
Transfer to CNRCC	( 164,994)	( 164,994)	0
<b>Total other financing sources (uses):</b>	<u>( 141,321)</u>	<u>( 18,321)</u>	<u>( 123,000)</u>
<b>Net change in fund balance</b>	( 101,553)	<u>\$ (65,964)</u>	<u>\$ (35,589)</u>
<b>Fund balance at beginning of year</b>	<u>109,991</u>		
<b>Fund balance at end of year</b>	<u>\$ 8,438</u>		

**PROVO CITY CORPORATION**  
**Housing Rehabilitation Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 813	\$ 5,000	\$ (4,187)
Principal payments	23,250	21,976	1,272
<b>Total revenues</b>	24,063	26,976	( 2,915)
<b>Expenditures:</b>			
Current:			
Operating expenses	6,527	13,875	7,348
<b>Total expenditures</b>	6,527	13,875	7,348
<b>Excess (deficiency) of revenues over (under) expenditures</b>	17,536	13,101	4,433
<b>Net change in fund balance</b>	17,536	\$ 13,101	\$ 4,435
<b>Fund balance at beginning of year</b>	138,668		
<b>Fund balance at end of year</b>	\$ 156,204		

**PROVO CITY CORPORATION**  
**Tax Increment Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Property taxes	\$ 1,782,350	\$ 1,592,971	\$ 189,379
Interest income	15,064	20,000	( 4,936)
Principal payments	0	5,500	( 5,500)
Interest payments	0	250	( 250)
Miscellaneous	0	250	( 250)
<b>Total revenues</b>	<u>1,797,414</u>	<u>1,618,971</u>	<u>167,758</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	1,218,936	1,749,207	530,271
Total current expenditures	<u>1,218,936</u>	<u>1,749,207</u>	<u>530,270</u>
Debt service:			
Principal on debt	65,000	65,000	0
Interest on debt	95,305	95,305	0
Service fees on debt	2,500	0	( 2,500)
Total debt service	<u>162,805</u>	<u>160,305</u>	<u>( 2,500)</u>
Capital outlay:			
Capital outlay	0	747	747
<b>Total expenditures</b>	<u>1,381,741</u>	<u>1,910,259</u>	<u>528,517</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>415,673</u>	<u>( 291,288)</u>	<u>706,961</u>
<b>Other financing sources (uses):</b>			
Transfer from general fund	77,740	77,740	0
Transfer to CDBG	( 23,673)	( 23,673)	0
<b>Total other financing sources (uses):</b>	<u>54,067</u>	<u>54,067</u>	<u>0</u>
<b>Net change in fund balance</b>	469,740	<u>\$ (237,221)</u>	<u>\$ 706,961</u>
<b>Fund balance at beginning of year</b>	<u>2,256,029</u>		
<b>Fund balance at end of year</b>	<u>\$ 2,725,769</u>		



**PROVO CITY CORPORATION**  
**Homebuyer Assistance Revolving Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Principal payments	\$ 16,230	\$ -	\$ 16,230
<b>Total revenues</b>	<u>16,230</u>	<u>0</u>	<u>16,230</u>
<b>Expenditures:</b>			
Current:			
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>16,230</u>	<u>0</u>	<u>16,230</u>
<b>Other financing sources (uses):</b>			
Transfer from CNRCC	20,000	20,000	0
<b>Total other financing sources (uses):</b>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<b>Net change in fund balance</b>	36,230	<u>\$ 20,000</u>	<u>\$ 16,230</u>
<b>Fund balance at beginning of year</b>	<u>31,753</u>		
<b>Fund balance at end of year</b>	<u>\$ 67,983</u>		

**PROVO CITY CORPORATION**  
**Special Purpose Grants Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Federal grant	\$ 15,811	\$ -	\$ 15,811
Principal payments	20,030	0	20,030
<b>Total revenues</b>	<u>35,841</u>	<u>0</u>	<u>35,841</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	60,030	60,030	0
Total current expenditures	<u>60,030</u>	<u>60,030</u>	<u>0</u>
<b>Total expenditures</b>	<u>60,030</u>	<u>60,030</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 24,189)</u>	<u>( 60,030)</u>	<u>35,841</u>
<b>Net change in fund balance</b>	( 24,189)	<u>\$ (60,030)</u>	<u>\$ 35,841</u>
<b>Fund balance at beginning of year</b>	<u>111,745</u>		
<b>Fund balance at end of year</b>	<u>\$ 87,556</u>		

**PROVO CITY CORPORATION**  
**New Development Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 7,029	\$ 15,000	\$ (7,971)
Miscellaneous	445,163	380,000	65,163
<b>Total revenues</b>	<u>452,192</u>	<u>395,000</u>	<u>57,192</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	2,235,477	2,240,035	4,558
Total current expenditures	<u>2,235,477</u>	<u>2,240,035</u>	<u>4,558</u>
Debt service:			
Rent/Lease	2,000	2,000	0
Interest - interfund	36,300	36,300	0
Total debt service	<u>38,300</u>	<u>38,300</u>	<u>0</u>
<b>Total expenditures</b>	<u>2,273,777</u>	<u>2,278,335</u>	<u>4,558</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 1,821,585)</u>	<u>( 1,883,335)</u>	<u>61,750</u>
<b>Other financing sources (uses):</b>			
Gain (loss) on invest. in land	( 615,219)	0	( 615,219)
<b>Total other financing sources (uses):</b>	<u>( 615,219)</u>	<u>0</u>	<u>( 615,219)</u>
<b>Net change in fund balance</b>	( 2,436,804)	<u>\$ (1,883,335)</u>	<u>\$ (553,469)</u>
<b>Fund balance at beginning of year</b>	<u>2,087,804</u>		
<b>Fund balance at end of year</b>	<u>\$ (349,000)</u>		

**PROVO CITY CORPORATION**  
**CNRCC Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>Revenues:</b>			
Charge for services	\$ 40,000	\$ -	\$ 40,000
<b>Total revenues</b>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	164,994	164,994	0
Total current expenditures	<u>164,994</u>	<u>164,994</u>	<u>0</u>
<b>Total expenditures</b>	<u>164,994</u>	<u>164,994</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 124,994)</u>	<u>( 164,994)</u>	<u>40,000</u>
<b>Other financing sources (uses):</b>			
Transfer from CDBG	164,994	164,994	0
Transfer to homebuyer assistance	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>0</u>
<b>Total other financing sources (uses):</b>	<u>144,994</u>	<u>144,994</u>	<u>0</u>
<b>Net change in fund balance</b>	20,000	<u>\$ (20,000)</u>	<u>\$ 40,000</u>
<b>Fund balance at beginning of year</b>	<u>184,416</u>		
<b>Fund balance at end of year</b>	<u>\$ 204,416</u>		

**PROVO CITY CORPORATION**  
**Homeless Prevention Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Federal grant	\$ 320,078	\$ -	\$ 320,078
<b>Total revenues</b>	<u>320,078</u>	<u>0</u>	<u>320,078</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	320,078	320,078	( 0)
Total current expenditures	<u>320,078</u>	<u>320,078</u>	<u>( 0)</u>
<b>Total expenditures</b>	<u>320,078</u>	<u>320,078</u>	<u>( 0)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>0</u>	<u>( 320,078)</u>	<u>320,078</u>
<b>Other financing sources (uses):</b>			
Transfer to CDBG	0	( 10,000)	10,000
<b>Total other financing sources (uses):</b>	<u>0</u>	<u>( 10,000)</u>	<u>10,000</u>
<b>Net change in fund balance</b>	0	<u>\$ (330,078)</u>	<u>\$ 330,078</u>
<b>Fund balance at beginning of year</b>	<u>0</u>		
<b>Fund balance at end of year</b>	<u><u>\$0</u></u>		

**PROVO CITY CORPORATION**  
**Boulder's Grant Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Federal grant	\$ 98,550	\$ 350,000	\$ (251,450)
<b>Total revenues</b>	98,550	350,000	( 251,450)
<b>Expenditures:</b>			
Current:			
Operating expenses	95,179	95,179	0
Total current expenditures	95,179	95,179	0
Debt service:			
Rent/Lease	3,371	3,371	0
Total debt service	3,371	3,371	0
<b>Total expenditures</b>	98,550	98,550	0
<b>Excess (deficiency) of revenues over (under) expenditures</b>	0	251,450	( 251,450)
<b>Other financing sources (uses):</b>			
Transfer to CDBG	0	( 13,000)	13,000
<b>Total other financing sources (uses):</b>	0	( 13,000)	13,000
<b>Net change in fund balance</b>	0	\$ 238,450	\$ (238,450)
<b>Fund balance at beginning of year</b>	0		
<b>Fund balance at end of year</b>	\$0		

**PROVO CITY CORPORATION**  
**General Capital Improvement Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Charge for services	\$ 106,870	\$ -	\$ 106,870
Interest income	3,867	0	3,867
<b>Total revenues</b>	110,737	0	110,737
<b>Expenditures:</b>			
Current:			
Operating expenses	32,700	83,579	50,879
Total current expenditures	32,700	83,579	50,879
<b>Total expenditures</b>	32,700	83,579	50,879
<b>Excess (deficiency) of revenues over (under) expenditures</b>	78,037	( 83,579)	161,616
<b>Net change in fund balance</b>	78,037	\$ (83,579)	161,616
<b>Fund balance at beginning of year</b>	663,419		
<b>Fund balance at end of year</b>	\$ 741,456		

**PROVO CITY CORPORATION**  
**Engineering Cip Fund Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Federal grant	\$ 705,135	\$ 3,250,000	\$ (2,544,865)
Impact fees	377,423	22,000	355,423
Interest income	21,616	0	21,616
Miscellaneous	639,936	323,000	316,936
<b>Total revenues</b>	<u>1,744,110</u>	<u>3,595,000</u>	<u>( 1,850,890)</u>
<b>Expenditures:</b>			
Current:			
Salaries and wages	98,032	0	( 98,032)
Employee benefits	14	0	( 14)
Operating expenses	930,910	4,043,865	3,112,955
Total current expenditures	<u>1,028,956</u>	<u>4,043,865</u>	<u>3,014,909</u>
<b>Total expenditures</b>	<u>1,028,956</u>	<u>4,043,865</u>	<u>3,014,909</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>715,154</u>	<u>( 448,865)</u>	<u>1,164,019</u>
<b>Other financing sources (uses):</b>			
Transfer from Ironton	136,000	136,000	0
Transfer from b&c road	80,000	80,000	0
Transfer out - P&R cip	( 95,000)	( 95,000)	0
<b>Total other financing sources (uses):</b>	<u>121,000</u>	<u>121,000</u>	<u>0</u>
<b>Net change in fund balance</b>	836,154	<u>\$ (327,865)</u>	<u>\$ 1,164,019</u>
<b>Fund balance at beginning of year</b>	<u>3,439,828</u>		
<b>Fund balance at end of year</b>	<u>\$ 4,275,982</u>		



**PROVO CITY CORPORATION**  
**Mountain Vista Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 2,458	\$ -	\$ 2,458
Lease income	7,901	0	7,901
Miscellaneous	13,487	0	13,487
<b>Total revenues</b>	<u>23,846</u>	<u>0</u>	<u>23,846</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	23,891	709,422	685,531
Total current expenditures	<u>23,891</u>	<u>709,422</u>	<u>685,531</u>
Debt service:			
Service fees on debt	1,500	0	( 1,500)
Total debt service	<u>1,500</u>	<u>0</u>	<u>( 1,500)</u>
Capital outlay:			
Capital outlay	0	13,487	13,487
<b>Total expenditures</b>	<u>25,391</u>	<u>722,909</u>	<u>697,518</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 1,545)</u>	<u>( 722,909)</u>	<u>721,364</u>
<b>Other financing sources (uses):</b>			
Transfer out eng. cip	( 136,000)	( 136,000)	0
<b>Total other financing sources (uses):</b>	<u>( 136,000)</u>	<u>( 136,000)</u>	<u>0</u>
<b>Net change in fund balance</b>	( 137,545)	<u>\$ (858,909)</u>	<u>\$ 721,364</u>
<b>Fund balance at beginning of year</b>	<u>848,595</u>		
<b>Fund balance at end of year</b>	<u>\$ 711,050</u>		

**PROVO CITY CORPORATION**  
**Economic Development Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 1,013	\$ -	\$ 1,013
Lease income	73,862	0	73,862
Miscellaneous	1,500	0	1,500
<b>Total revenues</b>	<u>76,375</u>	<u>0</u>	<u>76,375</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	1,444	1,443	( 1)
Total current expenditures	<u>1,444</u>	<u>1,443</u>	<u>( 1)</u>
Debt service:			
Rent/Lease	40,486	40,487	1
Total debt service	<u>40,486</u>	<u>40,487</u>	<u>1</u>
<b>Total expenditures</b>	<u>41,930</u>	<u>41,930</u>	<u>( 0)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>34,445</u>	<u>( 41,930)</u>	<u>76,375</u>
<b>Net change in fund balance</b>	34,445	<u>\$ (41,930)</u>	<u>\$ 76,375</u>
<b>Fund balance at beginning of year</b>	<u>176,350</u>		
<b>Fund balance at end of year</b>	<u>\$ 210,795</u>		

**PROVO CITY CORPORATION**  
**Library Bond Retirement Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 9,010	\$ -	\$ 9,010
<b>Total revenues</b>	<u>9,010</u>	<u>0</u>	<u>9,010</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	4,043	4,055	12
Total current expenditures	<u>4,043</u>	<u>4,055</u>	<u>12</u>
<b>Total expenditures</b>	<u>4,043</u>	<u>4,055</u>	<u>12</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>4,967</u>	<u>( 4,055)</u>	<u>9,022</u>
<b>Other financing sources (uses):</b>			
Transfer to library	( 3,633,618)	( 3,653,997)	20,379
<b>Total other financing sources (uses):</b>	<u>( 3,633,618)</u>	<u>( 3,653,997)</u>	<u>20,379</u>
<b>Net change in fund balance</b>	( 3,628,651)	<u>\$ (3,658,052)</u>	<u>\$ 29,401</u>
<b>Fund balance at beginning of year</b>	<u>3,628,651</u>		
<b>Fund balance at end of year</b>	<u>\$ (0)</u>		

**PROVO CITY CORPORATION**  
**Debt Service Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Property taxes	\$ 3,210,059	\$ 3,183,763	\$ 26,296
Vehicle taxes	265,369	300,000	( 34,631)
Interest income	36,609	5,000	31,609
Miscellaneous	994,771	0	994,771
<b>Total revenues</b>	<u>4,506,808</u>	<u>3,488,763</u>	<u>1,018,045</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	6,478	3,200	( 3,278)
Total current expenditures	<u>6,478</u>	<u>3,200</u>	<u>( 3,278)</u>
Debt service:			
Principal on debt	9,250,884	9,000,884	( 250,000)
Interest on debt	472,171	726,179	254,008
Interest - interfund	104,500	106,500	2,000
Service fees on debt	19,513	18,000	( 1,513)
Debt cost of issuance	469,139	493,128	23,989
Total debt service	<u>10,316,207</u>	<u>10,344,691</u>	<u>28,484</u>
<b>Total expenditures</b>	<u>10,322,685</u>	<u>10,347,891</u>	<u>25,206</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>( 5,815,877)</u>	<u>( 6,859,128)</u>	<u>1,043,251</u>
<b>Other financing sources (uses):</b>			
Transfer from general fund	379,036	379,036	0
Transfer out - P&R cip	( 39,500,642)	( 39,500,642)	0
Transfer to airport cip	( 312,554)	( 312,554)	0
Bond proceeds	45,279,365	6,180,000	39,099,365
<b>Total other financing sources (uses):</b>	<u>5,845,205</u>	<u>( 33,254,160)</u>	<u>39,099,365</u>
<b>Net change in fund balance</b>	29,328	<u>\$ (40,113,288)</u>	<u>\$ 40,142,616</u>
<b>Fund balance at beginning of year</b>	<u>99,487</u>		
<b>Fund balance at end of year</b>	<u>\$ 128,815</u>		

**PROVO CITY CORPORATION**  
**Building Authority Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ -	\$ 6,000	\$ (6,000)
Lease income	661,133	656,820	4,313
<b>Total revenues</b>	<u>661,133</u>	<u>662,820</u>	<u>( 1,687)</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	0	10,311	10,311
Total current expenditures	<u>0</u>	<u>10,311</u>	<u>10,311</u>
Debt service:			
Principal on debt	615,000	615,000	0
Interest on debt	41,820	41,820	0
Service fees on debt	4,313	6,000	1,687
Total debt service	<u>661,133</u>	<u>662,820</u>	<u>1,687</u>
<b>Total expenditures</b>	<u>661,133</u>	<u>673,131</u>	<u>11,998</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>0</u>	<u>( 10,311)</u>	<u>10,311</u>
<b>Net change in fund balance</b>	0	<u>\$ (10,311)</u>	<u>\$ 10,311</u>
<b>Fund balance at beginning of year</b>	<u>0</u>		
<b>Fund balance at end of year</b>	<u>\$ 0</u>		

**PROVO CITY CORPORATION**  
**Telecommunication Debt Service Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
Interest income	\$ 7,564	\$ 18,000	\$ (10,436)
Principal payments	688,541	697,904	( 9,363)
Interest payments	1,984,682	1,976,162	8,520
Miscellaneous	5,357,316	5,357,316	0
<b>Total revenues</b>	8,038,103	8,049,382	( 11,279)
<b>Expenditures:</b>			
Debt service:			
Principal on debt	1,480,001	1,460,000	( 20,001)
Interest on debt	1,736,434	1,756,436	20,002
Interest - interfund	215,054	214,903	( 151)
Service fees on debt	4,850	5,000	150
Total debt service	3,436,339	3,436,339	0
<b>Total expenditures</b>	3,436,339	3,436,339	0
<b>Excess (deficiency) of revenues over (under) expenditures</b>	4,601,764	4,613,043	( 11,280)
<b>Net change in fund balance</b>	4,601,764	\$ 4,613,043	\$ (11,280)
<b>Fund balance at beginning of year</b>	( 2,851,664)		
<b>Fund balance at end of year</b>	\$ 1,750,100		

**PROVO CITY CORPORATION**  
**Parks & Recreation Cip Fund Fund**  
**Comparative Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget & Actual**  
**For the year ended June 30, 2011**

	Actual	Budget	Variance
<b>Revenues:</b>			
State grant	\$ 69,642	\$ 138,031	\$ (68,389)
Impact fees	858,758	401,994	456,764
Charge for services	80,670	60,000	20,670
Interest income	5,424	0	5,424
Recreation Bond interest	33,444	0	33,444
Miscellaneous	(43,740)	0	(43,740)
<b>Total revenues</b>	<u>1,004,198</u>	<u>600,025</u>	<u>404,173</u>
<b>Expenditures:</b>			
Current:			
Operating expenses	1,437,610	1,495,110	57,500
Total current expenditures	<u>1,437,610</u>	<u>1,495,110</u>	<u>57,500</u>
Capital outlay:			
Capital outlay	57,500	0	(57,500)
<b>Total expenditures</b>	<u>1,495,110</u>	<u>1,495,110</u>	<u>0</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(490,912)</u>	<u>(895,085)</u>	<u>404,173</u>
<b>Other financing sources (uses):</b>			
Transfer from general fund	500,000	500,000	0
Transfer from debt service	39,500,642	39,500,642	0
Transfer from engineering cip	95,000	95,000	0
<b>Total other financing sources (uses):</b>	<u>40,095,642</u>	<u>40,095,642</u>	<u>0</u>
<b>Net change in fund balance</b>	39,604,730	<u>\$ 39,200,557</u>	<u>\$ 404,173</u>
<b>Fund balance at beginning of year</b>	<u>784,361</u>		
<b>Fund balance at end of year</b>	<u>\$ 40,389,091</u>		

**PROVO CITY CORPORATION**  
**Combining Balance Sheet**  
**Internal Service Funds**  
**As of June 30, 2011**

	Employee Benefits	Insurance/ Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Total Internal Service Funds
<b>Assets</b>							
Current Assets:							
Cash	\$1,633,514	\$2,044,153	\$2,474,100	\$466,256	\$0	\$211,746	\$6,829,769
Accounts receivable	0	0	1,180	0	0	0	1,180
Inventory	0	0	115,775	0	0	32,953	148,728
Prepaid expense	0	6,100	0	0	0	0	6,100
Current due from other funds	0	0	0	0	0	38,634	38,634
<b>Total Current Assets</b>	<b>1,633,514</b>	<b>2,050,253</b>	<b>2,591,055</b>	<b>466,256</b>	<b>0</b>	<b>283,333</b>	<b>7,024,411</b>
Capital Assets							
Depreciable assets	0	0	6,915,680	0	0	158,680	7,074,361
<b>Net Capital Assets</b>	<b>0</b>	<b>0</b>	<b>6,915,680</b>	<b>0</b>	<b>0</b>	<b>158,680</b>	<b>7,074,361</b>
Other Assets:							
Due from other funds	0	0	1,000,000	0	4,019,726	0	5,019,726
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>4,019,726</b>	<b>0</b>	<b>5,019,726</b>
<b>Total Assets</b>	<b>\$1,633,514</b>	<b>\$2,050,253</b>	<b>\$10,506,735</b>	<b>\$466,256</b>	<b>\$4,019,726</b>	<b>\$442,013</b>	<b>\$19,118,498</b>
<b>Liabilities &amp; Net Assets</b>							
<b>Liabilities:</b>							
Current Liabilities							
Accounts payable	\$158,678	\$4,747	\$163,111	\$19,656	\$0	\$13,458	\$359,650
Accrued liabilities	689,132	299,025	6,765	0	0	4,583	999,505
Accrued interest payable	0	0	61,366	0	0	0	61,366
Current due to other funds	0	0	594	0	0	0	594
Due within one year:							
Bonds, leases and loans payable	0	0	297,431	0	0	0	297,431
Current Portion Acc Comp Abs	0	0	5,524	0	0	2,263	7,787
<b>Total Current Liabilities</b>	<b>847,810</b>	<b>303,772</b>	<b>534,791</b>	<b>19,656</b>	<b>0</b>	<b>20,304</b>	<b>1,726,333</b>
Noncurrent Liabilities							
Due to other funds	0	0	0	0	3,435,732	0	3,435,732
Accrued compensated absences	0	0	104,960	0	0	43,000	147,960
Net OPEB payable	0	0	19,038	0	0	19,205	38,243
Notes payable	0	0	0	0	583,994	0	583,994
Lease payable	0	0	1,316,042	0	0	0	1,316,042
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>0</b>	<b>1,440,040</b>	<b>0</b>	<b>4,019,726</b>	<b>62,205</b>	<b>5,521,971</b>
<b>Total Liabilities</b>	<b>847,810</b>	<b>303,772</b>	<b>1,974,831</b>	<b>19,656</b>	<b>4,019,726</b>	<b>82,509</b>	<b>7,248,304</b>
<b>Net Assets</b>							
Invested in capital assets net of related debt	0	0	5,302,207	0	( 583,994)	158,680	4,876,894
Unrestricted	785,705	1,746,481	3,229,697	446,600	583,994	200,824	6,993,300
<b>Total Net Assets</b>	<b>785,705</b>	<b>1,746,481</b>	<b>8,531,904</b>	<b>446,600</b>	<b>0</b>	<b>359,504</b>	<b>11,870,194</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$1,633,514</b>	<b>\$2,050,253</b>	<b>\$10,506,735</b>	<b>\$466,256</b>	<b>\$4,019,726</b>	<b>\$442,013</b>	<b>\$19,118,498</b>



**PROVO CITY CORPORATION**  
**Combining Statement of Revenues, Expenses and**  
**Changes in Net Assets**  
**Internal Service Funds**  
**For the year ended June 30, 2011**

	Employee Benefits	Insurance/ Claims	Vehicle Management	Computer Lease	Capital Resource	Facility Services	Total Internal Service Funds
<b>Operating Revenues:</b>							
Charges for services	\$1,685,600	\$842,766	\$3,643,221	\$0	\$0	\$397,951	\$6,569,538
Miscellaneous	22,547	0	15,290	189,667	0	307,344	534,848
<b>Total operating revenues</b>	<u>1,708,147</u>	<u>842,766</u>	<u>3,658,511</u>	<u>189,667</u>	<u>0</u>	<u>705,295</u>	<u>7,104,386</u>
<b>Operating expenses:</b>							
Salaries and wages	6	0	364,730	0	0	275,527	640,263
Employee benefits	1	0	207,138	0	0	159,487	366,626
Operating expenses	1,881,482	873,996	1,777,552	286,739	211,861	252,575	5,284,205
Depreciation	0	0	1,939,288	0	0	8,309	1,947,597
<b>Total operating expenses</b>	<u>1,881,489</u>	<u>873,996</u>	<u>4,288,708</u>	<u>286,739</u>	<u>211,861</u>	<u>695,898</u>	<u>8,238,691</u>
<b>Operating income (loss)</b>	<u>( 173,342)</u>	<u>( 31,230)</u>	<u>( 630,197)</u>	<u>( 97,072)</u>	<u>( 211,861)</u>	<u>9,397</u>	<u>( 1,134,305)</u>
<b>Nonoperating revenues (expenses)</b>							
Federal Grants	50,101	0	0	0	0	0	50,101
Interest income	10,173	10,778	67,993	2,735	211,861	1,329	304,869
Interest on debt	( 1,128)	0	( 66,570)	0	0	0	( 67,698)
Gain (loss) on disp. of assets	0	0	( 620)	0	0	6,324	5,704
<b>Total nonoperating revenues (expenses)</b>	<u>59,146</u>	<u>10,778</u>	<u>803</u>	<u>2,735</u>	<u>211,861</u>	<u>7,653</u>	<u>292,976</u>
<b>Income (loss) before operating transfers</b>	<u>( 114,196)</u>	<u>( 20,452)</u>	<u>( 629,394)</u>	<u>( 94,337)</u>	<u>0</u>	<u>17,050</u>	<u>( 841,329)</u>
<b>Operating transfers</b>							
Transfers from other funds	0	0	446,988	0	0	0	446,988
Transfers to other funds	0	0	0	( 3,164)	0	0	( 3,164)
<b>Total operating transfers</b>	<u>0</u>	<u>0</u>	<u>446,988</u>	<u>( 3,164)</u>	<u>0</u>	<u>0</u>	<u>443,824</u>
<b>Change in net assets</b>	<u>( 114,196)</u>	<u>( 20,452)</u>	<u>( 182,406)</u>	<u>( 97,501)</u>	<u>0</u>	<u>17,050</u>	<u>( 397,505)</u>
<b>Net Assets at the beginning of year</b>	<u>899,901</u>	<u>1,766,933</u>	<u>8,714,310</u>	<u>544,101</u>	<u>0</u>	<u>342,454</u>	<u>12,267,699</u>
<b>Net Assets at end of year</b>	<u>\$785,705</u>	<u>\$1,746,481</u>	<u>\$8,531,904</u>	<u>\$446,600</u>	<u>\$0</u>	<u>\$359,504</u>	<u>\$11,870,194</u>

**PROVO CITY CORPORATION**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2011**

	Employee Benefits	Insurance/ Claims	Vehicle Management	Computer Replacement	Capital Resource	Facility Services	Totals Internal Service Funds
Cash flows from operating activities:							
Receipts from customers	\$ 1,708,146	\$ 842,765	\$ 3,663,435	\$ 191,090	\$ -	\$ 705,295	\$ 7,110,731
Payments to suppliers	(1,611,747)	(499,997)	(1,765,947)	(270,108)	(211,861)	(251,605)	(4,611,265)
Payments to employees	(336,285)	0	(573,272)	0	0	(447,431)	(1,356,988)
Payments for claims	0	(376,579)	0	0	0	0	(376,579)
Net cash provided (used) by operating activities	<u>(239,886)</u>	<u>(33,811)</u>	<u>1,324,216</u>	<u>(79,018)</u>	<u>(211,861)</u>	<u>6,259</u>	<u>765,899</u>
Cash flows from noncapital financing activities:							
Loans due from other funds	0	0	0	0	61,493	(38,634)	22,859
Loans due to other funds	0	0	(404,356)	0	58,052	0	(346,304)
Federal and State Grants	50,101	0	0	0	0	0	50,101
Transfers from other funds	0	0	446,988	0	0	0	446,988
Transfers to other funds	0	0	0	(3,164)	0	0	(3,164)
Net cash provided (used) by noncapital financing activities	<u>50,101</u>	<u>0</u>	<u>42,632</u>	<u>(3,164)</u>	<u>119,545</u>	<u>(38,634)</u>	<u>170,480</u>
Cash flows from capital and related financing activities:							
Payments for capital acquisitions	0	0	(2,033,765)	3,164	0	(61,098)	(2,091,699)
Proceeds from sale of capital assets	0	0	456,789	0	0	0	456,789
Principal payments on lease payable	0	0	(285,780)	0	(119,545)	0	(405,325)
Interest paid on lease payable	(1,128)	0	(77,440)	0	0	0	(78,568)
Net cash provided (used) by capital and related financing activities	<u>(1,128)</u>	<u>0</u>	<u>(1,940,196)</u>	<u>3,164</u>	<u>(119,545)</u>	<u>(61,098)</u>	<u>(2,118,803)</u>
Cash flows from investing activities:							
Receipts of interest	10,173	10,778	67,993	2,735	211,861	1,329	304,869
Net cash provided by investing activities	<u>10,173</u>	<u>10,778</u>	<u>67,993</u>	<u>2,735</u>	<u>211,861</u>	<u>1,329</u>	<u>304,869</u>
Net increase (decrease) in cash	(180,740)	(23,033)	(505,355)	(76,283)	0	(92,144)	(877,555)
Cash at beginning of year	1,814,254	2,067,186	2,979,455	542,539	0	303,890	7,707,324
Cash at end of year	<u>\$ 1,633,514</u>	<u>\$ 2,044,153</u>	<u>\$ 2,474,100</u>	<u>\$ 466,256</u>	<u>\$ 0</u>	<u>\$ 211,746</u>	<u>\$ 6,829,769</u>

Note: This statement is continued on the following page.

**PROVO CITY CORPORATION**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2011**

	Employee Benefits	Insurance/ Claims	Vehicle Management	Computer Replacement	Capital Resource	Facility Services	Totals Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Cash flows from operating activities:							
Operating income (loss)	\$ (173,342)	\$ (31,230)	\$ (630,197)	\$ (97,072)	\$ (211,861)	\$ 9,397	\$ (1,134,305)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	0	0	1,939,288	0	0	8,309	1,947,597
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	0	0	4,924	1,423	0	0	6,347
Decrease (increase) in inventory and prepaid expenses	128,685	(6,100)	(9,031)	0	0	(4,742)	108,812
Increase (decrease) in accounts payable	141,049	2,119	20,636	16,631	0	5,712	186,147
Increase (decrease) in accrued liabilities	(336,278)	1,400	(13,234)	0	0	(12,855)	(360,967)
Increase (decrease) in accrued compensated absences	0	0	11,830	0	0	438	12,268
Net cash provided (used) by operating activities	<u>\$ (239,886)</u>	<u>\$ (33,811)</u>	<u>\$ 1,324,216</u>	<u>\$ (79,018)</u>	<u>\$ (211,861)</u>	<u>\$ 6,259</u>	<u>\$ 765,899</u>
Noncash investing, capital, and financing activities:							
Capital asset trade-ins at net value	\$ 0	\$ 0	\$ 159,414	\$ 0	\$ 0	\$ 0	\$ 159,414



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# STATISTICAL SECTION

This part of the City’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	<b>131</b>
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	<b>136</b>
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	<b>141</b>
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	<b>146</b>
<b>Operating Information</b>	
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.	<b>147</b>



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**PROVO CITY CORPORATION**  
**NET ASSETS BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 202,357	\$ 227,517	\$ 231,645	\$ 213,424	\$ 231,768	\$ 259,505	\$ 270,953	\$ 234,360	\$ 240,328	\$ 200,011
Restricted	11,297	5,426	7,542	6,048	7,848	8,561	5,520	6,967	5,785	7,023
Unrestricted	30,016	37,093	38,003	42,554	53,552	48,970	51,230	90,323	85,202	123,775
Total governmental activities net assets	<u>\$ 243,670</u>	<u>\$ 270,036</u>	<u>\$ 277,190</u>	<u>\$ 262,026</u>	<u>\$ 293,168</u>	<u>\$ 317,037</u>	<u>\$ 327,703</u>	<u>\$ 331,650</u>	<u>\$ 331,315</u>	<u>\$ 330,809</u>
Business type activities										
Invested in capital assets, net of related debt	\$ 78,222	\$ 77,735	\$ 45,475	\$ 131,251	\$ 137,068	\$ 151,084	\$ 156,163	\$ 150,016	\$ 155,515	\$ 161,660
Restricted	4,261	7,232	45,851	28,217	13,394	8,723	7,682	5,975	9,433	10,535
Unrestricted	26,332	26,383	28,702	22,130	26,918	25,674	17,767	26,369	17,251	18,132
Total business-type activities net assets	<u>\$ 108,815</u>	<u>\$ 111,350</u>	<u>\$ 120,028</u>	<u>\$ 181,598</u>	<u>\$ 177,380</u>	<u>\$ 185,482</u>	<u>\$ 181,612</u>	<u>\$ 182,360</u>	<u>\$ 182,199</u>	<u>\$ 190,327</u>
Primary government										
Invested in capital assets, net of related debt	\$ 280,579	\$ 305,252	\$ 277,120	\$ 344,675	\$ 368,836	\$ 410,590	\$ 427,116	\$ 384,376	\$ 395,843	\$ 361,671
Restricted	15,558	12,658	53,393	34,265	21,242	17,284	13,202	12,942	15,219	17,557
Unrestricted	56,348	63,476	66,705	64,684	80,470	74,644	68,997	116,692	102,453	141,907
Total primary government net assets	<u>\$ 352,485</u>	<u>\$ 381,386</u>	<u>\$ 397,218</u>	<u>\$ 443,624</u>	<u>\$ 470,548</u>	<u>\$ 502,518</u>	<u>\$ 509,315</u>	<u>\$ 514,010</u>	<u>\$ 513,515</u>	<u>\$ 521,136</u>

**PROVO CITY CORPORATION  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

<u>Expenses</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:									
General government	\$ 11,360,878	\$ 12,526,482	\$ 12,812,803	\$ 12,864,069	\$ 13,757,896	\$ 16,838,293	\$ 15,822,045	\$ 14,551,210	\$ 17,545,606
Public safety	18,645,840	19,011,921	19,656,764	20,805,782	20,807,099	22,048,973	23,139,485	21,951,681	22,667,366
Public services	5,892,327	6,212,405	6,500,531	6,236,947	5,685,642	6,230,865	7,371,275	6,811,313	6,878,502
Community revitalization	3,471,501	6,789,713	5,088,706	3,428,129	3,793,944	2,470,576	5,118,755	2,184,407	4,129,887
Culture and Recreation	9,215,610	9,629,789	9,495,980	9,954,557	9,626,041	11,049,923	12,265,530	11,840,073	11,533,298
Interest on long-term debt	2,104,405	1,372,009	1,504,963	1,437,818	1,449,204	1,353,669	2,945,656	2,748,353	2,574,376
Total governmental activities expenses:	<u>50,690,561</u>	<u>55,542,319</u>	<u>55,059,747</u>	<u>54,727,302</u>	<u>55,119,826</u>	<u>59,992,299</u>	<u>66,662,746</u>	<u>60,087,037</u>	<u>65,329,035</u>
Business-type activities:									
Golf course	N/A	162,663	1,085,625	1,160,726	1,171,111	1,166,414	1,172,276	982,886	983,079
Water	5,423,333	5,698,260	5,589,083	5,591,839	5,110,395	5,663,140	5,467,837	5,435,207	5,402,807
Sewer	3,894,473	4,006,742	4,217,370	4,085,814	3,820,299	3,985,857	4,191,024	3,984,906	3,907,991
Energy	40,200,206	40,488,555	41,452,688	43,113,489	43,523,179	45,436,747	45,022,457	44,635,098	48,952,619
Airport	989,242	977,367	1,010,936	1,133,052	2,707,682	1,911,446	2,334,763	1,745,972	1,360,835
Sanitation	2,440,718	2,708,006	2,655,833	2,601,563	2,710,049	2,995,924	3,045,662	3,048,964	3,221,859
Storm drain	1,522,921	1,237,995	1,442,114	1,545,929	1,471,205	1,909,129	1,912,020	1,847,081	1,797,059
Telecommunications	1,630,250	2,533,487	3,310,102	3,544,857	5,633,474	7,364,111	(672,292)	-	-
Total business-type activities expenses	<u>56,101,143</u>	<u>57,813,075</u>	<u>60,763,751</u>	<u>62,777,269</u>	<u>66,147,394</u>	<u>70,432,768</u>	<u>62,473,747</u>	<u>61,680,114</u>	<u>65,626,249</u>
Total primary government expenses	<u>\$ 106,791,704</u>	<u>\$ 113,355,394</u>	<u>\$ 115,823,498</u>	<u>\$ 117,504,571</u>	<u>\$ 121,267,220</u>	<u>\$ 130,425,067</u>	<u>\$ 129,136,493</u>	<u>\$ 121,767,151</u>	<u>\$ 130,955,284</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	\$ 2,397,149	\$ 1,986,010	\$ 2,456,372	\$ 3,341,189	\$ 4,653,914	\$ 3,988,956	\$ 4,652,151	\$ 4,516,754	\$ 5,326,761
Public safety	2,452,528	2,262,018	2,433,901	2,525,574	2,492,034	1,653,576	1,411,838	1,609,902	2,148,201
Public services	0	0	75	75	150	550	70,602	34,999	99,315
Community revitalization	430,091	422,918	439,530	448,161	525,868	637,847	1,162,629	1,190,883	(162,154)
Culture and Recreation	1,154,727	1,278,720	1,426,352	1,495,096	1,626,404	1,604,084	1,654,694	1,711,533	1,741,247
Operating grants and contributions	9,983,849	10,020,868	9,645,500	8,649,734	8,909,223	9,255,098	8,002,795	6,827,978	8,355,345
Capital grants and contributions	0	0	4,340,299	5,724,746	9,945,922	4,027,075	7,699,771	115,823	146,504
Total governmental activities program revenues	<u>16,418,344</u>	<u>15,970,534</u>	<u>20,562,029</u>	<u>22,184,575</u>	<u>28,153,515</u>	<u>21,167,186</u>	<u>24,654,480</u>	<u>16,007,872</u>	<u>17,655,219</u>
Business-type activities:									
Charges for services:									
Golf Course	N/A	91,162	755,211	693,322	683,366	544,880	465,469	532,722	514,414
Water	5,627,936	5,747,173	5,675,243	6,523,468	6,941,876	6,289,036	6,580,030	6,323,416	7,254,338
Sewer	5,100,835	4,823,055	4,957,345	5,023,166	5,846,415	5,030,714	4,866,018	4,953,298	5,590,397
Energy	44,531,945	45,770,483	45,101,143	47,039,683	47,465,182	45,955,835	46,288,566	45,791,657	52,170,100
Airport	130,984	135,838	152,908	159,532	166,345	184,416	230,445	211,546	235,591
Sanitation	2,438,291	2,692,078	2,889,022	3,088,500	3,088,421	2,979,286	3,138,432	3,160,804	3,318,996
Storm drain	1,961,779	1,851,669	1,893,979	1,983,293	2,247,636	1,970,135	2,162,005	2,105,667	2,146,459
Telecommunications	79,250	111,509	770,780	1,468,940	2,921,451	2,905,955	0	0	0
Operating grants and contributions	85,107	30,286	1,987,134	2,541,995	1,987,468	576,388	1,894,690	331,499	1,542,051
Capital grants and contributions	686,746	1,275,584	0	1,635,990	1,531,162	474,700	448,117	289,940	481,452
Total business-type activities program revenue	<u>60,642,873</u>	<u>62,528,838</u>	<u>64,182,765</u>	<u>70,077,890</u>	<u>72,879,322</u>	<u>66,911,345</u>	<u>66,073,772</u>	<u>63,700,549</u>	<u>73,253,798</u>
Total primary government program revenues	<u>\$ 77,061,217</u>	<u>\$ 78,499,372</u>	<u>\$ 84,744,794</u>	<u>\$ 92,262,464</u>	<u>\$ 101,032,837</u>	<u>\$ 88,078,531</u>	<u>\$ 90,728,252</u>	<u>\$ 79,708,421</u>	<u>\$ 90,909,017</u>
Net (expense)/revenue									
Governmental activities	\$ (34,272,217)	\$ (39,571,785)	\$ (34,497,718)	\$ (32,542,727)	\$ (26,966,311)	\$ (38,825,113)	\$ (42,008,266)	\$ (44,079,165)	\$ (47,673,816)
Business-type activities	4,541,730	4,715,763	3,419,014	7,300,621	6,731,928	(3,521,423)	3,600,025	2,020,435	7,627,549
Total primary government net expense	<u>\$ (29,730,487)</u>	<u>\$ (34,856,022)</u>	<u>\$ (31,078,704)</u>	<u>\$ (25,242,108)</u>	<u>\$ (20,234,383)</u>	<u>\$ (42,346,536)</u>	<u>\$ (38,408,241)</u>	<u>\$ (42,058,730)</u>	<u>\$ (40,046,267)</u>



**General Revenues and Other Changes In  
Net Assets**

Governmental revenues:										
Property taxes	\$ 10,831,830	\$ 10,796,536	\$ 11,227,354	\$ 11,391,076	\$ 11,644,404	\$ 11,101,961	\$ 11,436,660	\$ 11,627,866	\$ 12,164,999	
Vehicle	980,092	1,224,569	1,140,808	1,192,626	1,193,551	1,194,235	889,746	905,686	858,068	
Sales taxes	12,596,704	12,841,581	13,635,311	15,592,149	17,495,470	17,408,839	15,121,906	13,961,851	14,287,871	
Franchise taxes	5,545,756	5,931,067	6,977,177	7,703,272	7,433,141	7,622,671	7,503,038	7,401,878	7,716,189	
Joint venture gain(loss)									316,065	
Investment earnings	743,468	989,660	1,601,349	2,410,980	2,583,560	2,112,324	2,916,499	2,268,077	2,217,494	
Gain on sale of capital assets	(30,199)	(652,012)	0	0	0	0	0	0	0	
Miscellaneous	4,183,487	9,957,282	5,532,975	6,011,346	5,264,893	4,041,968	4,219,321	762,696	4,105,425	
Special Item										
Interfund loan write-off									5,357,316	
Extraordinary Item										
Provision for receivable write-down									(12,773,517)	
Transfers	6,230,803	6,250,385	(20,909,557)	6,464,719	4,889,399	6,009,535	5,842,627	6,816,084	6,729,473	
Total governmental activities	41,081,941	47,339,068	19,205,417	50,766,168	50,504,418	49,491,533	47,929,797	43,744,138	40,979,383	
Business Activities										
Joint venture gain(loss)									(550,846)	
Investment earnings	693,053	1,054,395	1,765,451	1,921,986	2,028,434	1,437,534	626,682	253,983	54,500	
Gain on sale of capital assets	0	5,802,561	0	0	0	0	0	0	0	
Miscellaneous	3,473,514	3,342,475	2,937,076	3,495,879	4,230,729	4,223,547	2,620,491	4,380,829	4,062,154	
Special Item										
Interfund loan write-off									(5,357,316)	
Transfers	(6,230,803)	(6,250,385)	20,909,557	(6,464,719)	(4,889,399)	(6,009,535)	(5,842,627)	(6,816,084)	(6,729,473)	
Total business-type activities	(2,064,236)	3,949,046	25,612,084	(1,046,854)	1,369,764	(348,454)	(2,595,454)	(2,181,272)	(8,520,981)	
Total primary government	39,017,705	51,288,114	44,817,501	49,719,314	51,874,182	49,143,079	45,334,343	41,562,866	32,458,402	
Change in Net Assets										
Governmental activities	6,809,724	7,767,283	(15,292,301)	18,223,441	23,538,107	10,666,420	5,921,531	(335,027)	(6,694,433)	
Business-type activities	2,477,494	8,664,809	29,031,098	6,253,767	8,101,692	(3,869,877)	1,004,571	(160,838)	(893,432)	
Total primary government	\$ 9,287,218	\$ 16,432,092	\$ 13,738,797	\$ 24,477,208	\$ 31,639,799	\$ 6,796,543	\$ 6,926,102	\$ (495,865)	\$ (7,587,865)	

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

	<u>2011</u>
General fund	
Nonspendable	\$ 47
Restricted	4,225
Assigned	640
Unassigned	<u>8,547</u>
Total general fund	<u>\$ 13,459</u>
All other governmental funds	
Nonspendable	\$ 1,811
Restricted	40,389
Assigned	17,797
Unassigned	<u>-1,709</u>
Total all other governmental funds	<u>\$ 58,288</u>

Note:

This schedule usually covers the ten most recent fiscal years; however, since this is the information available as of the implementation year of GASB 54, governments are not required to report prior years.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$ 33,016	\$ 30,192	\$ 30,794	\$ 32,981	\$ 35,879	\$ 37,767	\$ 37,328	\$ 34,951	\$ 33,897	\$ 35,027
Licenses and permits	1,031	1,180	1,011	1,434	1,484	1,725	1,032	1,080	860	1,231
Intergovernmental	8,847	9,977	10,021	9,750	8,707	8,909	9,255	8,003	6,828	8,413
Charges for services	3,063	3,230	3,407	3,390	4,257	4,948	4,035	4,536	4,713	3,632
Fine and forfeitures	999	1,112	889	1,028	1,056	896	1,609	2,397	2,372	2,138
Impact fees	0	0	0	0	737	1,652	484	547	374	1,236
Interest income	871	607	456	773	1,523	2,204	1,795	734	245	245
Loan principal repayments	731	1,024	1,406	805	1,339	1,299	1,020	2,970	1,184	1,740
Loan interest repayments	81	74	62	60	57	76	64	2,007	2,059	2,048
Lease income	4,031	722	728	720	727	729	726	735	790	743
Miscellaneous	5,429	3,549	8,242	6,179	6,440	5,951	4,930	4,829	4,196	5,392
<b>Total revenues</b>	<b>58,100</b>	<b>51,667</b>	<b>57,016</b>	<b>57,120</b>	<b>62,207</b>	<b>66,157</b>	<b>62,279</b>	<b>62,789</b>	<b>57,518</b>	<b>61,845</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	10,426	9,905	10,426	10,718	10,957	9,546	10,100	8,259	10,169	10,690
Public safety	18,319	18,167	18,319	18,752	20,136	20,511	21,220	22,475	21,253	21,438
Public services	2,733	2,732	2,733	2,671	2,750	2,969	3,178	3,192	2,758	2,862
Culture and recreation	8,807	8,488	8,807	8,909	9,988	9,862	11,735	11,260	11,101	10,946
Community revitalization	7,272	8,104	9,818	6,381	7,932	11,133	9,500	12,132	7,456	9,138
<b>Total current expenditures</b>	<b>47,558</b>	<b>47,397</b>	<b>50,104</b>	<b>47,431</b>	<b>51,764</b>	<b>54,021</b>	<b>55,733</b>	<b>57,318</b>	<b>52,737</b>	<b>55,074</b>
<b>Debt service:</b>										
Interest	1,960	1,662	1,428	1,543	1,311	1,543	1,411	2,994	2,807	2,402
Rent/Lease	130	0	99	93	211	182	214	215	211	149
Principal on debt	7,874	3,389	3,264	4,261	6,583	3,925	4,130	4,635	5,151	11,761
Service fees on debt	14	33	102	9	8	13	13	15	13	33
Interest - interfund	0	0	0	0	0	52	194	293	291	356
Debt cost of issuance	0	0	0	0	0	0	0	0	0	469
<b>Total debt service</b>	<b>9,979</b>	<b>5,083</b>	<b>4,893</b>	<b>5,906</b>	<b>8,113</b>	<b>5,715</b>	<b>5,962</b>	<b>8,152</b>	<b>8,473</b>	<b>15,170</b>
<b>Capital outlay:</b>										
Capital outlay	8,014	6,350	6,135	9,313	9,023	13,940	10,321	4,123	4,156	2,283
<b>Total expenditures</b>	<b>65,550</b>	<b>58,830</b>	<b>61,131</b>	<b>62,650</b>	<b>68,901</b>	<b>73,676</b>	<b>72,016</b>	<b>69,593</b>	<b>65,366</b>	<b>72,527</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,450)</b>	<b>(7,163)</b>	<b>(4,115)</b>	<b>(5,530)</b>	<b>(6,694)</b>	<b>(7,519)</b>	<b>(9,737)</b>	<b>(6,804)</b>	<b>(7,848)</b>	<b>(10,682)</b>
<b>Other financing sources (uses):</b>										
Transfers from other funds	11,860	11,640	9,197	14,645	11,277	22,068	21,550	13,753	13,828	55,229
Transfers to other funds	(5,341)	(5,243)	(3,575)	(8,230)	(5,832)	(17,899)	(16,224)	(11,383)	(7,730)	(49,038)
Note proceeds	0	0	0	1,208	0	0	0	0	0	0
Proceeds of bonds	0	0	0	0	11,240	0	0	0	0	45,280
Sale of assets	0	5	0	0	22	(32)	370	61	51	487
<b>Total other financing sources (uses)</b>	<b>6,519</b>	<b>6,401</b>	<b>5,621</b>	<b>7,623</b>	<b>16,708</b>	<b>4,137</b>	<b>5,696</b>	<b>2,431</b>	<b>6,149</b>	<b>51,958</b>
<b>Special item:</b>										
Interfund loan write-off	0	0	0	0	0	0	0	0	0	5,357
<b>Net change in fund balances</b>	<b>(931)</b>	<b>(762)</b>	<b>1,506</b>	<b>2,093</b>	<b>10,014</b>	<b>(3,382)</b>	<b>(4,041)</b>	<b>(4,373)</b>	<b>(1,699)</b>	<b>46,633</b>
<b>Fund balance</b>										
<b>Fund balance at beginning of year</b>	<b>28,205</b>	<b>27,274</b>	<b>26,512</b>	<b>28,018</b>	<b>31,140</b>	<b>40,815</b>	<b>37,433</b>	<b>31,186</b>	<b>26,814</b>	<b>25,114</b>
<b>Prior period adjustment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,029</b>	<b>(338)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balance at end of year</b>	<b>\$ 27,274</b>	<b>\$ 26,512</b>	<b>\$ 28,018</b>	<b>\$ 31,140</b>	<b>\$ 40,816</b>	<b>\$ 37,433</b>	<b>\$ 33,392</b>	<b>\$ 26,814</b>	<b>\$ 25,115</b>	<b>\$ 71,747</b>
<b>Debt service to noncapital expenses ratio</b>	<b>20.98%</b>	<b>10.73%</b>	<b>9.76%</b>	<b>12.45%</b>	<b>15.67%</b>	<b>10.58%</b>	<b>10.70%</b>	<b>14.22%</b>	<b>16.07%</b>	<b>27.54%</b>

**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	LODGING TAX	FRANCHISE TAX	TOTAL TAX REVENUE
2002	12,641	14,054	313	6,008	33,016
2003	12,049	12,356	241	5,546	30,192
2004	12,021	12,601	240	5,932	30,794
2005	12,368	13,365	270	6,978	32,981
2006	12,584	15,310	282	7,703	35,879
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

(1) Includes the General, Debt Service, and Special Revenue Funds.

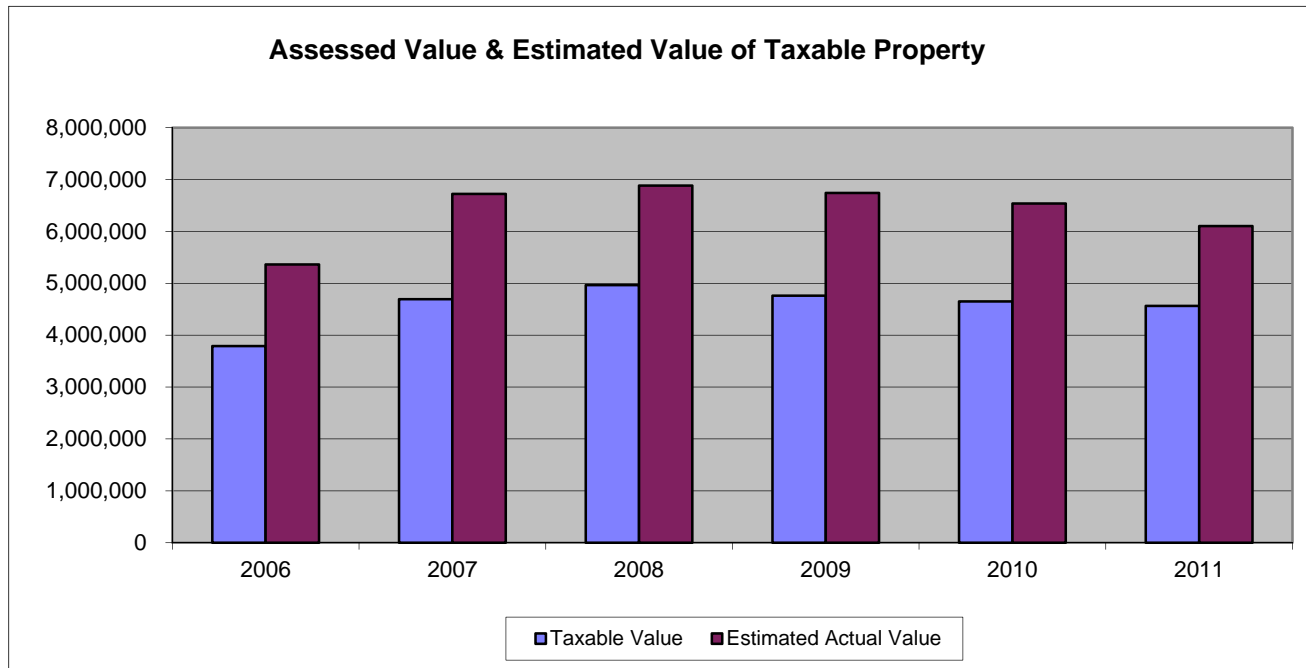
(2) Includes payments in lieu of taxes.

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	TAXABLE VALUE (1)			Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable Value To Total Estimated Actual Value
	Real Property	Personal Property	Taxable Value			Actual Value
2002	3,378,678	365,598	3,744,276	0.002787	4,833,133	77.47%
2003	3,266,284	325,990	3,592,274	0.002776	4,827,259	74.42%
2004	3,328,948	289,494	3,618,442	0.002873	5,012,862	72.18%
2005	3,347,750	262,725	3,610,475	0.002891	5,074,870	71.14%
2006	3,508,880	282,472	3,791,352	0.002722	5,363,238	70.69%
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%

(1) Source: Utah County Auditor

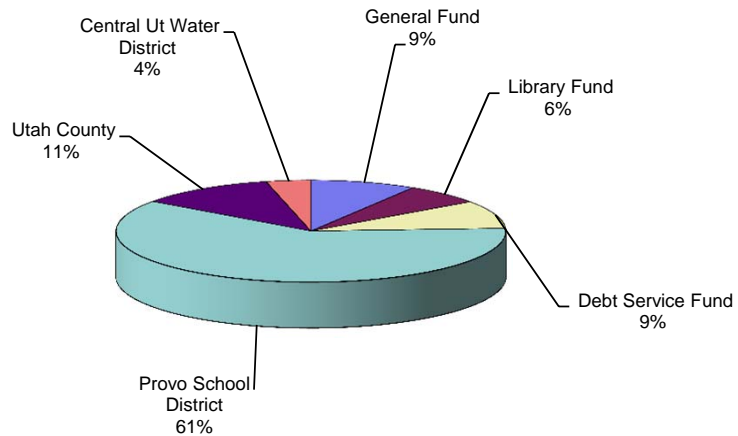


**PROVO CITY CORPORATION**  
**STATE OF UTAH**  
**PROPERTY TAX RATES--DIRECT AND OVERLAPPING GOVERNMENTS**  
**BASED ON \$1,000 ASSESSED VALUATION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Calendar Year	City of Provo				Other Taxing Entities (1)			Total Tax Rate
	General Fund	Library Fund	Debt Service Fund	Total	Provo School District	Utah County	Central UT Water District	
1996	0.001374	0.000546	0.000594	0.002514	0.007256	0.001985	0.000342	0.012097
1998	0.001361	0.000517	0.000514	0.002392	0.006314	0.001268	0.000397	0.007979
2000	0.001219	0.000902	0.000553	0.002674	0.005981	0.001116	0.000377	0.007474
2002	0.001078	0.000798	0.000911	0.002787	0.006037	0.001034	0.000358	0.007429
2003	0.001077	0.000797	0.000902	0.002776	0.006071	0.001053	0.000358	0.007482
2004	0.001125	0.000832	0.000916	0.002873	0.006234	0.001065	0.000353	0.007652
2005	0.001131	0.000836	0.000924	0.002891	0.006124	0.001040	0.000400	0.007564
2006	0.001068	0.000789	0.000865	0.002722	0.006147	0.000960	0.000357	0.007464
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

(1) SOURCE: Utah County Auditor

**PROPERTY TAX RATES**



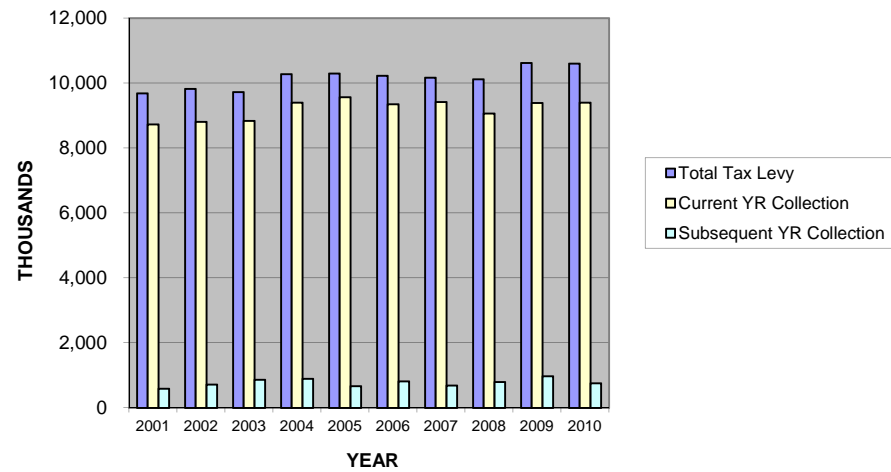
**PROVO CITY CORPORATION  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago  
June 30, 2011  
(amounts expressed thousands)**

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Novell	\$ 86,526	1	2.18%	\$ 93,311	1	2.76%
Provo Mall LLC	48,270	2	1.22%	49,816	2	1.47%
Central Utah Investment Company	36,489	3	0.92%	7,979	23	0.24%
Qwest Corp	30,374	4	0.77%			
ESNET Riverwood Properties LLC	28,838	5	0.73%	18,500	5	0.55%
Tropical Development LLC	22,586	6	0.57%			
Scrub Oak Ltd	21,698	7	0.55%	18,500	4	0.55%
Tigriswoods LLC	18,732	8	0.47%			
Parkway Village Provo Holdings LLC	17,204	9	0.43%	16096	6	0.480%
Questar Gas	17,078	10	0.43%			
Union Pacific Railroad Co.	14,394	11	0.36%			
HRA Branbury Park LLC	12,903	12	0.33%			
B H Provo	12,027	13	0.30%			
Parks Hotels LC	11,200	14	0.28%	21,410	3	0.63%
IHC Hospitals Inc.	11,049	15	0.28%	8,814	18	0.26%
PDC Community Centers L.L.C.	10,990	16	0.28%			
East Bay Center L.L. C.	10,780	17	0.27%			
Apple Seven SPE Provo	9,996	18	0.25%			
Aspen Investments	9,986	19	0.25%	9,170	17	0.27%
Fig Garden/Bird Limited Partnership	9,980	20	0.25%			
Utah Valley Specialty Hospital Inc.	9,477	21	0.24%			
Dillard's USA Inc.	9,469	22	0.24%	9,600	15	0.28%
Peak Provo LLC	8,951	23	0.23%	9,214	16	0.27%
Vintage Properties LP	8,493	24	0.21%			
Medical Center Company LC	8,382	25	0.21%			
1565 North LLC	8,337	26	0.21%			
TCP-Provo LLC	8,243	27	0.21%			
DHI Building Limited Co	8,073	28	0.20%			
Riverwoods Medical Art Center LLC	7,855	29	0.20%	11,218	11	0.33%
Raintree Park Limited	7,783	30	0.20%	6,541	27	0.19%
Sams Real Estate Business Trust	7,474	31	0.19%			
HD Development of Maryland Inc.	7,254	32	0.18%			
Terranet Investments LC				13,174	9	0.39%
Covey Corporate Campus Two LL				14,497	8	0.43%
Brandbury Park Inc.				9,787	14	0.290%
Sunstone OP Properties LLC				5,006	40	0.15%
Johnson Land Enterprises LLC				7,655	24	0.23%
Jacobson, Sterling R & William				6,180	30	0.18%
Hamblin, Mary June Adams				16,078	7	0.48%
Glenwood Riviera Partnership				5,855	32	0.17%
Shopko Stores Inc.				6,774	26	0.20%
Epixtech				10,811	12	0.32%
New Plum Tree				10,309	13	0.31%
Affordable Housing Partners x				8,767	19	0.26%
Total assessed value for Provo includes real property only does not include any government, utilities, or phone company property	\$ 3,967,065	100%				

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Calendar Years**  
(amounts expressed in thousands)  
(unaudited)

Calendar Year Ended <u>December 31</u>	Total Tax Levy for Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	9,683	8,723	90.09%	589	9,312	96.17%
2002	9,823	8,801	89.60%	715	9,516	96.87%
2003	9,723	8,835	90.87%	863	9,698	99.74%
2004	10,273	9,396	91.46%	897	10,293	100.19% *
2005	10,289	9,559	92.91%	667	10,226	99.39%
2006	10,225	9,348	91.42%	815	10,163	99.39%
2007	10,169	9,418	92.61%	690	10,108	99.40%
2008	10,111	9,060	89.61%	791	9,851	97.43%
2009	10,617	9,383	88.38%	973	10,356	97.54%
2010	10,596	9,397	88.68%	757	10,154	95.83%

Source: Utah Co. Auditor



\*Details verified with Utah County auditor. There was an increase in delinquent collections.



**Provo City Corporation**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	(Provo-Orem) Percentage of Personal Income *	(Provo) Per Capital *
	General Obligation Bonds	Revenue Bonds	Special Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases			
2002	22,220	4,380	255	1,842	3,629	53,040	1,825	0	87,191	0.02%	779
2003	20,325	4,005	175	1,401	2,982	51,299	0	0	80,187	0.02%	727
2004	18,490	3,605	0	4,202	2,107	80,154	0	0	108,558	0.02%	954
2005	16,545	3,180	0	6,283	1,325	77,371	0	99	104,803	0.02%	941
2006	20,355	4,830	0	6,578	2,997	74,474	0	49	109,283	0.02%	925
2007	18,360	4,345	0	5,134	2,691	70,158	0	10	100,698	0.02%	850
2008	16,245	3,795	0	3,726	2,438	65,652	0	0	91,856	0.04%	761
2009	13,995	38,740	0	3,291	2,174	25,421	0	0	83,621	0.03%	680
2010	11,650	36,690	0	2,536	1,899	24,819	0	0	77,594	0.03%	690
2011	47,990	34,550	0	1,788	1,613	20,445	0	0	106,386	N/A	1,024

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

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

**Provo City Corporation**  
**Ratios 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	Percentage of Estimated Actual Taxable Value* of Property	Per Capita**
2002	22,220	285	21,935	0.45%	196
2003	20,325	146	20,179	0.42%	183
2004	18,490	781	17,709	0.35%	156
2005	16,545	644	15,901	0.31%	138
2006	20,355	764	19,591	0.37%	169
2007	18,360	1,212	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

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 CORPATION**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30,2011**  
**(amounts expressed in thousands)**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Provo City School District	\$ 54,657	100%	\$ 54,657
Utah County	6,695	100%	<u>6,695</u>
Subtotal overlapping debt			61,352
 Direct Debt:			
Provo City			<u>47,990</u>
 Total direct and overlapping debt			<u><u>\$ 109,342</u></u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 193,325	\$ 193,090	\$ 200,514	\$ 202,995	\$ 214,530	\$ 268,924	\$ 275,360	\$ 269,661	\$ 261,456	\$ 244,079
Total net debt applicable to limit	22,220	20,325	18,490	16,545	20,355	18,360	16,245	13,995	11,650	47,990
Legal debt margin	171,105	172,765	182,024	186,450	194,175	250,564	259,115	255,666	249,806	196,089
Total net debt applicable to the limit as a percentage of debt limit	11.49%	10.53%	9.22%	8.15%	9.49%	6.83%	5.90%	5.19%	4.46%	19.66%

Legal Debt Margin Calculation for Fiscal Year 2010

Estimated Market Value	\$ 6,101,974
Debt limit--4 percent of market value	244,079
Debt applicable to limit:	47,990
Total bonded debt (including special assessment bonds, if any)	
Legal debt margin	<u><u>\$ 196,089</u></u>

**Provo City Corporation  
Pledged -Revenue Coverage  
Last Ten Fiscal Years**

Sales Tax Revenue Bonds							Building Authority Lease Revenue Bonds					
Fiscal Year	Sales Tax Revenue	Debt Service										
		Principal	Interest	Coverage	Lease Revenue	Debt Service Principal	Interest	Coverage				
2002	N/A	N/A	N/A	N/A	3,969,581	3,445,000	534,205	1.00				
2003	N/A	N/A	N/A	N/A	659,119	375,000	285,560	1.00				
2004	N/A	N/A	N/A	N/A	664,206	400,000	261,185	1.00				
2005	\$ 13,365,745	\$ 0	\$ 1,870,715	7.14	655,357	425,000	235,985	0.99				
2006	15,310,399	0	1,929,677	7.93	660,423	450,000	208,998	1.00				
2007	17,149,011	1,285,000	1,929,668	8.89	664,773	480,000	180,198	1.01				
2008	17,059,579	1,320,000	1,897,038	8.99	663,543	510,000	149,238	1.01				
2009	14,801,894	1,360,000	1,857,702	7.97	665,388	545,000	116,088	1.01				
2010	13,670,813	1,405,000	1,809,966	7.55	664,703	580,000	80,390	1.01				
2011	13,996,455	1,460,000	1,756,436	7.97	661,132	615,000	41,820	1.01				

Energy Revenue Bonds							Water Revenue Bonds					
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
				Principal	Interest							
2002	53,346,561	38,178,703	15,167,858	2,610,000	2,645,143	2.89	N/A	N/A	N/A	N/A	N/A	N/A
2003	52,567,106	38,790,298	13,776,808	2,700,000	2,096,120	2.87	N/A	N/A	N/A	N/A	N/A	N/A
2004	54,397,422	35,718,131	18,679,291	2,945,000	2,154,043	3.66	N/A	N/A	N/A	N/A	N/A	N/A
2005	48,526,335	36,426,911	12,099,424	2,270,000	1,647,907	3.09	6,120,077	4,531,847	1,588,230	153,000	59,199	7.48
2006	50,670,681	38,057,092	12,613,589	2,360,000	1,555,394	3.22	7,473,995	4,709,493	2,764,502	157,000	55,785	12.99
2007	53,824,273	39,513,644	14,310,629	2,475,000	1,436,844	3.66	8,438,996	4,879,396	3,559,600	161,000	51,647	16.74
2008	51,264,359	40,541,934	10,722,425	2,605,000	1,312,382	2.74	6,752,930	5,279,290	1,473,640	166,000	47,016	6.92
2009	50,336,668	39,589,892	10,746,776	2,730,000	1,181,394	2.75	7,298,629	5,295,784	2,002,845	171,000	41,214	9.44
2010	50,523,138	40,132,500	10,390,638	3,065,000	1,070,244	2.51	6,897,638	5,103,149	1,794,489	177,000	35,034	8.46
2011	58,364,515	50,242,202	8,122,313	3,695,000	865,134	1.78	8,168,567	5,050,237	3,118,330	184,000	28,262	14.69

Tax Increment Revenue Bonds							Storm Drain Revenue Bonds					
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
				Principal	Interest							
2002	N/A	N/A	N/A	N/A	N/A	N/A	2,106,634	877,663	1,228,971	290,000	393,060	1.80
2003	N/A	N/A	N/A	N/A	N/A	N/A	2,569,982	909,645	1,660,337	315,000	381,170	2.38
2004	N/A	N/A	N/A	N/A	N/A	N/A	1,906,598	926,780	979,818	345,000	368,570	1.37
2005	N/A	N/A	N/A	N/A	N/A	N/A	1,991,103	1,066,640	924,463	360,000	354,770	1.29
2006	N/A	N/A	N/A	N/A	N/A	N/A	2,109,679	1,120,640	989,039	380,000	340,370	1.37
2007	\$ 193,863	\$ -	\$ 193,863	\$ 5,000	\$ 138,058	1.36	2,706,042	1,046,071	1,659,971	395,000	324,790	2.31
2008	170,276	-	170,276	40,000	102,655	1.19	2,360,062	1,198,098	1,161,964	415,000	308,398	1.61
2009	64,045	-	64,045	45,000	100,695	0.44	2,240,690	1,143,578	1,097,112	435,000	290,760	1.51
2010	155,310	-	155,310	65,000	98,490	0.95	3,957,170	1,117,112	2,840,058	450,000	272,273	3.93
2011	196,504	-	196,504	65,000	95,305	1.23	2,516,830	1,085,869	1,430,961	495,000	302,196	1.79

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

**PROVO CITY CORPORATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST 10 FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>PROVO POPULATION</b>	<b>Provo-Orem PERSONAL INCOME (millions)</b>	<b>Provo-Orem (MSA) PER CAPITA PERSONAL INCOME</b>	<b>MEDIAN AGE</b>	<b>% (AGE 25+) WITH COLLEGE DEGREE</b>	<b>SCHOOL ENROLLMENT</b>	<b>UTAH UNEMPLOYMENT RATE</b>	<b>REGISTERED VOTERS</b>	<b>NUMBER PUBLIC SCHOOLS</b>
2002	111,866	8,073	19,875	22.9	N/A	N/A	5.7	39,362	25
2003	110,258	8,299	19,818	22.9	N/A	13,046	5.7	31,345	25
2004	113,773	8,719	19,686	22.9	N/A	13,037	5.2	42,631	25
2005	115,389	9,557	21,127	25.5	46.2	12,984	4.5	42,438	24
2006	118,184	10,669	22,187	N/A	N/A	13,031	3.2	53,001	23
2007	118,448	11,701	23,720	25.9	47.9	13,117	2.7	39,575	19
2008	120,723	12,035	39,582	25.1	46.7	12,998	3.2	35,555	21
2009	123,040	12,684	22,832	25.2	47.4	13,242	5.7	42,914	22
2010	112,488	13,393	22,256	24.5 *	47.2 *	14,679	7.2	59,513	22
2011	114,625	N/A	N/A	N/A	N/A	N/A	7.6	61,977	N/A

**DATA SOURCES**

Provo School District  
EDC Utah provo/orem MSA Demographic Report  
Bureau of Economic Analysis economic report  
2005 U.S. Census Update  
Utah Dept. Workforce Services  
Population restated for 2010 according to 2010 census  
\* Accelerated estimate

**PROVO CITY CORPORATION**

**PRINCIPAL EMPLOYERS**

**Current Year and Nine Years Ago**

**June 30, 2011**

**(Unaudited)**

<b>EMPLOYER</b>	<b>2011</b>	<b>2002</b>
	<b><u>Full Time Employees</u></b>	<b><u>Employees</u></b>
Ancestry.com	250-499	
BRG Research	250-499	
Brigham Young University	1000-4999	14,500*
Business Computing Services		600
BYU Bookstore	250-499	
FPS Gold	250-499	
Intermountain Health Care		3,650
Macey's Food and Drug	250-499	
Marketing Ally	250-499	700
Missionary Training ctr	1000-4999	
Morinda		400
Nature's Sunshine Products Inc.	250-499	
Novell	1000-4999	1,900
NuSkin	1000-4999	1,100
NuSkin Enterprises Inc.	1000-4999	
Pacific States Cast Iron Pipe Co.#1	250-499	
Powder River Inc.	250-499	
Prosper Inc.	250-499	
Provo School District	2500	1,900
Provo City	730	620
R B Davis & Co. Pro Bldg Mntnce	250-499	
RBM Building SVC	250-499	
US Post Office	250-499	
Utah County	1250	920
Utah State Hospital	500-999	730
Utah State Office Building		500
Utah Valley Regional Medical Center	1000-4999	
Wasatch Mental Health	250-499	

Source: EDCUTAH Sept 2011 Largest Employers

\*EDCUTAH is currently reporting employers

**PROVO CITY CORPORATION**  
**Full Time City Government Employees by Function Equivalents**  
**Last Ten Fiscal Years**  
**Full-time Equivalent Employees as of June 30, 2011**

<b>Function</b>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Government</b>	105	102	109	107	105	105	124	120	112	106
<b>Public Safety</b>										
Fire	85	83	80	80	80	80	80	80	77	78
Police	181	175	172	168	170	174	175	176	171	157
Emergency Response	5	5	5	5	5	5	6	6	8	9
<b>Public Services</b>										
Street Maintenance	19	18	18	18	18	18	18	18	17	16
Engineering	16	16	15	14	14	15	15	15	13	12
<b>Culture and Recreation</b>	156	159	157	163	156	160	182	188	185	173
Water	33	33	33	33	33	33	33	34	34	32
Wastewater	28	28	28	28	28	28	28	28	28	27
Energy	97	101	97	102	101	102	102	103	100	83
Telecom	5	9	9	22	25	16	19	0	0	0
Airport	2	2	2	2	2	2	2	2	2	2
Sanitation	16	17	18	14	14	14	14	15	16	16
Golf Course	0	0	0	0	8	8	8	8	8	8
Employee Benefits	1	0	0	0	0	0	0	0		0
Vehicle Maintenance	10	11	11	11	11	11	11	11	11	8
Facilities	13	12	12	12	12	12	12	12	9	7
	<u>772</u>	<u>771</u>	<u>766</u>	<u>779</u>	<u>782</u>	<u>783</u>	<u>829</u>	<u>816</u>	<u>791</u>	<u>734</u>



**PROVO CITY CORPORATION  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Police (Calendar Year)</b>										
Adult Arrest	1,453	2,991	2,249	2,222	2,217	2,289	2,285	2,270	2,286	N/A
Juvenile Arrests	551	402	370	732	868	903	727	710	645	N/A
Parking violations	19,266	14,792	16,521	19,654	16,118	15,483	17,748	16,764	19,742	N/A
Traffic violations	35,743	41,287	24,884	22,502	17,181	16,477	21,623	19,848	16,534	N/A
DUI violations	352	299	263	334	372	372	397	314	342	N/A
<b>Fire (Calendar Year)</b>										
Number of ambulance calls	4,186	N/A	4,027	4,538	4662	4,640	8,880	4,361	4,058	N/A
Number of FIRE/EMS combined	8,450	N/A	8,497	9,956	10316	10,552	10,254	9,941	9,368	N/A
Inspections	N/A	290	1,102	1,152	1200	1,300	NA	994	560	N/A
<b>Highways and streets</b>										
General Road Repair (tons of asphalt used)	2,500	800	6,580	3,062	14,269*	40,400	23,000	23,070	13,051	4,023
Potholes repaired (tons of asphalt used)	130	100	100	75	58	80	400	400	40	40
Sidewalks replaced (linear feet)	N/A	N/A	N/A	1,800	13,474*	8,529	7,381	11,533	11,755	12,800
<b>Sanitation</b>										
Refuse collected (tons/yr)	22,800	23,700	23,700	22,200	21,987	22,530	20,572	22,010	21,598	21,212
Recyclables collected (tons/yr)	N/A	N/A	N/A	60	768	883	1,002	1,084	1,142	1,305
<b>Culture and recreation</b>										
Youth sports program participants	N/A	N/A	N/A	6,518	5,976	6,115	6,210	52,719*	46,672	44,232
Adult sports program participants	N/A	N/A	N/A	5,872	6,701	6,689	7,388	68,574*	72,440	67,980
Aquatics program participants	N/A	N/A	N/A	49,865	107,991	119,321	101,915	106,422	120,047	110,033
Recreation Centers participants(non aquatics)	N/A	N/A	N/A	N/A	N/A	21,287	28,207	33,064	44,641	52,514
Senior citizen program participants	N/A	N/A	N/A	29,000	54,650	69,133	68,760	67,326	47,852	54,816
Community special events participants	N/A	N/A	N/A	55,000	73,450	41,265	45,000	34,700	31,675	32,887
Covey Center for the Arts Participants			N/A	N/A	N/A	N/A	N/A	97,252	97,139	123,931
Peaks Ice Arena participants			N/A	N/A	N/A	N/A	N/A	146,293	250,654	321,548
The Center			N/A	N/A	N/A	N/A	N/A	49,362	46,780	52,360
Community program Participants			N/A	N/A	N/A	N/A	N/A	8,685	11,793	19,386
<b>Energy</b>										
Energy Requirements (kwh)	712,460,048	708,511,567	728,206,077	721,578,061	776,406,000	798,690,341	786,777,508	771,704,133	762,762,706	763,936,458
<b>Water</b>										
Number of Consumers (connections)	17,048	17,372	17,645	17,771	18,082	18,310	18,494	18,592	18,629	18,653
Water mains breaks	0	3	4	5	11	17	21	27	39	45
Average Daily Consumption (gallons)	28,447,471	25,301,723	26,591,065	23,879,740	25,986,566	25,491,983	30,054,747	25,678,849	24,457,600	23,445,989
<b>Wastewater</b>										
Average daily sewage treatment (gallons)	13,900,000	12,800,000	13,100,000	13,078,164	14,500,000	12,200,000	13,670,000	11,400,000	12,900,000	15,000,000

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

Sources: Various government departments

**PROVO CITY CORPORATION  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

(unaudited)

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub Stations	4	4	2	1	1	1	1	1	1	1
Patrol Units	72	72	72	72	72	74	73	69	72	72
Fires Stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	11	11	11	11	11	11	13	13	13	10
Highways and streets										
Street lane miles	N/A	N/A	N/A	609	810	878	882	882	882	882
Traffic signals	80	86	86	89	89	89	90	90	90	90
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	0	0	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
Libraries	1	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2	2
Parks	45	45	45	44	44	44	47	47	49	49
Developed	37	40	40	39	39	39	42	43	45	45
Developed park acreage	N/A	N/A	N/A	361	361	361	375	376	382	382
Undeveloped	8	5	5	5	5	5	5	4	4	4
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Senior Center	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	350	351	351	361	376	377	379	381	383	384
Fire hydrants	2,614	2,635	2,695	2,787	2,917	3,082	3,169	3,013	3,046	3,064
Sewer										
Sanitary sewers (miles)	279	280	280	284	292	295	297	299	300	300
Storm sewers (miles)	50	50	71	99	96	98	103	106	117	123
Electric										
Number of distribution stations	21	21	21	21	21	21	18	18	18	18
Miles of service lines	362	373	373	376	379	379	398	400	400	404
Number of consumer connections	32,440	33,066	33,486	33,811	34,227	34,580	34,997	35,216	35,237	35,281

Sources: Various city departments