
OFFICIAL NOTICE OF BOND SALE
and
PRELIMINARY OFFICIAL STATEMENT



Provo City, Utah

\$29,000,000
Wastewater Revenue Bonds, Series 2025A

Electronic bids will be received up to 9:15:00 A.M., Mountain Time, via the *PARITY*® electronic bid submission system, on Wednesday, January 8, 2025.

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OFFICIAL NOTICE OF BOND SALE
(BOND SALE TO BE CONDUCTED ELECTRONICALLY)

\$29,000,000
PROVO CITY, UTAH
WASTEWATER REVENUE BONDS, SERIES 2025A

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by the City Treasurer of Provo City, Utah (the “*Issuer*”), via the PARITY® electronic bid submission system (“*PARITY*”), at 9:15:00 a.m., Mountain Time, on Wednesday, January 8, 2025, for the purchase (all or none) of \$29,000,000 aggregate principal amount of the Provo City, Utah Wastewater Revenue Bonds, Series 2025A (the “*Series 2025A Bonds*”) pursuant to a Master Trust Indenture Providing for the Issuance of Wastewater Revenue Bonds, dated as of February 1, 2015, as previously supplemented and amended (the “*Master Indenture*”), and as further supplemented by a Supplemental Indenture, dated as of January 1, 2025 (collectively with the Master Indenture, the “*Indenture*”), each by and between the Issuer, and Zions Bancorporation, National Association, formerly known as Zions First National Bank, as trustee. The Series 2025A Bonds will be awarded to the successful bidder(s) on January 8, 2025, as described below, and issued pursuant to a resolution of the Municipal Council of the Issuer previously adopted on November 19, 2024. Initially capitalized terms used and not defined herein have the meanings assigned to such terms in the Preliminary Official Statement, dated the date hereof, relating to the Series 2025A Bonds and to which this Official Notice of Bond Sale is attached (the “*Preliminary Official Statement*”), or if not defined in such Preliminary Official Statement, then in the Indenture.

DESCRIPTION OF THE SERIES 2025A BONDS

The purpose of the issuance of the Series 2025A Bonds is to (i) finance certain costs of acquisition and construction of the Project; and (ii) pay costs of issuance associated with the issuance of the Series 2025A Bonds.

The Series 2025A Bonds will be dated as of the date of issuance and delivery thereof (anticipated to be Thursday, January 16, 2025), will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature (or be payable by sinking fund installment as described below) on September 1 of each of the years and in the principal amounts as follows:

YEAR (SEPTEMBER 1)	PRINCIPAL AMOUNT*	YEAR	PRINCIPAL AMOUNT*
2025	\$ 715,000	2035	\$ 1,450,000
2026	925,000	2036	1,520,000
2027	970,000	2037	1,600,000
2028	1,020,000	2038	1,680,000
2029	1,075,000	2039	1,770,000
2030	1,125,000	2040	1,850,000
2031	1,185,000	2041	1,925,000
2032	1,245,000	2042	2,005,000
2033	1,310,000	2043	2,085,000
2034	1,375,000	2044	<u>2,170,000</u>
TOTAL			\$29,000,000

* Principal amortization amounts are preliminary and subject to change. The aggregate principal amount of the Series 2025A Bonds will be \$29,000,000, but the principal amounts allocated to each maturity may be adjusted as described below under the caption, “Adjustment of Principal Amount of the Series 2025A Bonds.”

TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION

Any Series 2025A Bonds scheduled to mature on one or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the Series 2025A Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE SERIES 2025A BONDS:

The aggregate principal amount of the Series 2025A Bonds will be \$29,000,000. However, the Issuer may adjust the principal amount allocated to each maturity, including for the purpose of providing for approximately equal debt service in each year. The dollar amount of the price bid by the successful bidder may be changed as described herein but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the Issuer will consider the bid as having been made for the adjusted amounts of the Series 2025A Bond maturities. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (*i.e.*, the percentage resulting from dividing (a) the aggregate difference between the offering price of the Series 2025A Bonds to the public and the price to be paid to the Issuer, by (b) the principal amount of the Series 2025A Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above.

If the Issuer elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the Series 2025A Bonds maturing on one or more of the above-designated maturity dates for the Series 2025A Bonds, all as determined by the Issuer, with the advice of Zions Public Finance, Inc., the municipal advisor to the Issuer (the "*Municipal Advisor*"). The Issuer expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., Mountain Time, on the date of sale, of the amount, if any, of any changes to the principal amount of the Series 2025A Bonds maturing on one or more of the above-designated maturity dates for the Series 2025A Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The Issuer will consider the bid as having been made for the adjusted amount(s) of the applicable maturity or maturities of the Series 2025A Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by email to the Municipal Advisor to the Issuer, at brian.baker@zionsbank.com within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the Series 2025A Bonds and the amount received from the sale of the Series 2025A Bonds to the public that will be retained by the successful bidder as its compensation.

RATINGS

The Issuer will, at its own expense, pay costs of issuance of the Series 2025A Bonds, including the fees of S&P Global Ratings ("*S&P*") and Fitch Ratings ("*Fitch*"), for rating the Series 2025A Bonds. As of the date of the Preliminary Official Statement, S&P and Fitch have assigned municipal bond ratings of "AA" and "AA", respectively, to the Series 2025A Bonds. Any additional ratings shall be at the option and expense of the bidder.

PURCHASE PRICE

The aggregate purchase price to be bid for the Series 2025A Bonds shall not be less than the principal amount of the Series 2025A Bonds (which shall be \$29,000,000).

INTEREST RATES

Bidders must specify the rate of interest with respect to each maturity of the Series 2025A Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of the Series 2025A Bonds, but:

- (a) the highest interest rate bid for any of the Series 2025A Bonds shall not exceed 5.00% per annum;
- (b) the minimum price for any maturity of the Series 2025A Bonds shall not be less than 98.00%;
- (c) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%) per annum;
- (d) no Series 2025A Bond shall bear more than one rate of interest;
- (e) interest shall be computed from the dated date of a Series 2025A Bond to its stated maturity date at the single interest rate specified in the bid for the Series 2025A Bonds of such maturity;
- (f) the same interest rate shall apply to all Series 2025A Bonds maturing at one time;
- (g) the purchase price must be paid in immediately available funds, and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;
- (h) any premium must be paid in the funds specified for the payment of the Series 2025A Bonds as part of the purchase price;
- (i) there shall be no supplemental interest coupons;
- (j) a zero percent (0%) interest rate may not be used; and
- (k) interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2025.

BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT:

Zions Bancorporation, National Association, Salt Lake City, Utah, will be the trustee, paying agent and bond registrar for the Series 2025A Bonds. The Issuer may remove any trustee, paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the Series 2025A Bonds are outstanding in book-entry form, the principal of and interest on the Series 2025A Bonds will be paid under the standard procedures of The Depository Trust Company (“DTC”).

REDEMPTION PROVISIONS

The Series 2025A Bonds maturing on or prior to September 1, 2033, are not subject to optional redemption prior to maturity. The Series 2025A Bonds maturing on or after September 1, 2034, are subject to redemption at the option of the Issuer on March 1, 2034, and on any date thereafter prior to maturity, in whole or in part, from such maturities as may be selected by the Issuer, and within each maturity as selected by the Trustee if less than the full amount of any maturity is to be redeemed, upon not less than 30 days' nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount of the Series 2025A Bonds to be redeemed, plus accrued interest thereon to the redemption date.

SECURITY

The Series 2025A Bonds are special limited obligations of the Issuer that are payable from, and secured solely by a pledge and assignment of, the Revenues from the System and monies on deposit in the funds and accounts held by the Trustee under the Indenture. The Revenues of the System are applied to pay Operation and Maintenance Costs of the System, to the extent needed, before being applied to pay principal of and interest on the Series 2025A Bonds.

The Series 2025A Bonds are to be issued in the aggregate principal amount of \$29,000,000 pursuant to the Indenture for the purposes authorized by the Indenture. The Series 2025A Bonds are payable and secured on an equal and ratable basis with (i) the Outstanding Bonds of the Issuer, which are currently outstanding in the aggregate principal amount of \$91,570,000, and (ii) any bonds issued by the Issuer under the Indenture subsequent to the issuance of the Series 2025A Bonds (“*Additional Bonds*” and, together with the Outstanding Bonds and the Series 2025A Bonds, the “*Parity Bonds*”). As provided in the Indenture, Additional Bonds may be issued from time to time pursuant to supplemental indentures, in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture. The aggregate principal amount of Parity Bonds which may be issued pursuant to the Indenture is not limited except as provided therein, and all Parity Bonds issued and to be issued pursuant to the Indenture are and will be equally and ratably secured by the pledges and covenants made therein.

The form of the Master Indenture is included in the Preliminary Official Statement as APPENDIX B. Copies of the Indenture are on file at the offices of the Municipal Advisor (at the location set forth below), and reference to the Indenture and any and all supplemental indentures thereto and modifications and amendments thereof is made for a description of the pledges and covenants securing the Series 2025A Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Series 2025A Bonds with respect thereto, and the terms and conditions upon which Parity Bonds are issued and may be issued thereunder.

NO DEBT SERVICE RESERVE

There is no Debt Service Reserve Requirement with respect to the Series 2025A Bonds.

AWARD

Award or rejection of bids will be made by the Issuer, acting through its City Treasurer, Mayor, or other officer of the Issuer (each a “*Designated Officer*”), electronically via PARITY on Wednesday, January 8, 2025. The Series 2025A Bonds will be awarded to the responsible bidder offering to pay a purchase price as set forth above under the caption, “Purchase Price,” and specifying a rate or rates of interest that result in the lowest true interest cost (“*TIC*”) to the Issuer. True interest cost for the

Series 2025A Bonds shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2025A Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Series 2025A Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above.

PROCEDURES REGARDING ELECTRONIC BIDDING:

No bid will be accepted unless the Issuer has determined that such bidder has provided the required good faith deposit, as described under “Good Faith Deposit” below.

A prospective bidder must communicate its bid for the Series 2025A Bonds electronically via PARITY on or before 9:15:00 a.m., Mountain Time, on Wednesday, January 8, 2025. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this OFFICIAL NOTICE OF BOND SALE, the terms of this OFFICIAL NOTICE OF BOND SALE shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor at One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, (385) 272-7158, or Ipreo LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5000.

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

Each prospective bidder shall be solely responsible to register to bid via PARITY as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this OFFICIAL NOTICE OF BOND SALE. Neither the Issuer nor Ipreo LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Issuer nor Ipreo LLC shall be responsible for a bidder’s failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The Issuer is using PARITY as a communication mechanism, and not as the Issuer’s agent, to conduct the electronic bidding for the Series 2025A Bonds.

NOTIFICATION

The Municipal Advisor, on behalf of the Issuer, will notify the apparent successful bidder (electronically via PARITY) as soon as possible after the Issuer’s receipt of bids, that such bidder’s bid appears to be the best bid received which conforms to the requirements of this OFFICIAL NOTICE OF BOND SALE, subject to verification by the Designated Officer not later than and confirmation to be delivered as described above. The Issuer’s acceptance of the winning bid shall be made electronically to the successful bidder via PARITY within the time described under “Prompt Award” below.

FORM OF BID

Each bidder is required to transmit electronically via PARITY an unconditional bid specifying the lowest rate or rates of interest and the purchase price (which shall comply with the purchase price requirements set forth above under the caption, “Purchase Price”) at which the bidder will purchase the Series 2025A Bonds. Each bid must be for all the Series 2025A Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the Series 2025A Bonds represented on a TIC basis, as described under “Award” above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission, or in any other medium or on any system other than by means of PARITY; *provided, however*, that in the event a prospective bidder cannot access PARITY through no fault of its own, it may so notify the Municipal Advisor at (385) 272-7158. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (385) 272-7158, who shall transcribe such bid into written form, or by email to brian.baker@zionsbank.com, in any case before 9:15:00 a.m., Mountain Time, on Wednesday, January 8, 2025. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by electronic transmission (as described above), the time as maintained by PARITY shall constitute the official time.

Each bid submitted as provided in the preceding sentence must specify: (a) an offer to purchase not less than all of the Series 2025A Bonds; and (b) the lowest rate of interest at which the bidder will purchase the Series 2025A Bonds at a price satisfying the requirements set forth above under the caption, “Purchase Price.” The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the Issuer. Neither the Issuer nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or electronic transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Issuer or its Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by electronic transmission) to the Issuer or its Municipal Advisor prior to 2:00 p.m., Mountain Time, on Wednesday, January 8, 2025.

RIGHT OF CANCELLATION:

The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Series 2025A Bonds if the Issuer shall fail to execute the Series 2025A Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

GOOD FAITH DEPOSIT

A good faith deposit in the amount of \$290,000 (the “*Deposit*”) is required only from the successful bidder. The Deposit shall be payable to the order of the Issuer in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m. Mountain Time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Issuer, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Issuer shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the Series 2025A Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the Issuer’s risk) in obligations that mature at or before the delivery of the Series 2025A Bonds as described under the caption “Manner and Time of Delivery” below, until disposed of as follows: (a) at such delivery of the Series 2025A Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the Series 2025A Bonds, the full amount of the Deposit held by the Issuer, without adjustment for interest, shall be applied toward the purchase price of the Series 2025A Bonds at that time,

and the full amount of any interest earnings thereon shall be retained by the Issuer; and (b) if the successful bidder fails to take up and pay for the Series 2025A Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Issuer as liquidated damages.

SALE RESERVATIONS

The Issuer, acting through the Designated Officer, reserves the right (1) to waive any irregularity or informality in any bid or in the electronic bidding process; (2) to reject any and all bids for the Series 2025A Bonds; and (3) to resell the Series 2025A Bonds as provided by law.

PROMPT AWARD

The Designated Officer will take action awarding the Series 2025A Bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

MANNER AND TIME OF DELIVERY

It is estimated that the Series 2025A Bonds will be delivered in book-entry form on or about Thursday, January 16, 2025. The Series 2025A Bonds will be delivered as a single bond certificate for each maturity of the Series 2025A Bonds, registered in the name of DTC or its nominee. The Series 2025A Bond certificates will be delivered to the bond registrar in Salt Lake City, Utah, except that the successful bidder may at its option and expense designate some other place of execution, that expense to include travel expenses of two representatives of the Issuer and closing expenses. The successful bidder must also agree to pay for the Series 2025A Bonds in federal funds that will be immediately available to the Issuer in Salt Lake City, Utah on the day of delivery.

CUSIP NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2025A Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Series 2025A Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the Series 2025A Bonds shall be paid for by the Issuer.

TAX STATUS

In the opinion of Chapman and Cutler LLP, Bond Counsel, subject to the Issuer's compliance with certain covenants, under present law, interest on the Series 2025A Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Series 2025A Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Series 2025A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds. Ownership of the Series 2025A Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2025A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes

imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2025A Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

ISSUE PRICE

The winning bidder shall assist the Issuer in establishing the issue price of the Series 2025A Bonds and shall execute and deliver to the Issuer at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2025A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Annex A* with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All actions to be taken by the Issuer under this Official Notice of Bond Sale to establish the issue price of the Series 2025A Bonds may be taken on behalf of the Issuer by the Municipal Advisor and any notice or report to be provided to the Issuer may be provided to the Municipal Advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2025A Bonds) will apply to the initial sale of the Series 2025A Bonds (the “*competitive sale requirements*”) because:

- (a) the Issuer shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (b) all bidders shall have an equal opportunity to bid;
- (c) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (d) the Issuer anticipates awarding the sale of the Series 2025A Bonds to the bidder who submits a firm offer to purchase the Series 2025A Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the Series 2025A Bonds, as specified in the bid.

In the event the competitive sale requirements are not satisfied, the Issuer shall so advise the successful bidder. The Issuer shall then treat (i) the first price at which 10% of a maturity of the Series 2025A Bonds (the “*10% Test*”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2025A Bonds as the issue price of the maturity (the “*hold-the-offering-price rule*”), in each case applied on a maturity-by-maturity basis. The successful bidder shall advise the Issuer if any maturity of the Series 2025A Bonds satisfies the 10% Test as of the date and time of the award of the Series 2025A Bonds. The Issuer shall promptly advise the successful bidder, at or before the time of award of the Series 2025A Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within the maturity) of the Series 2025A Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Issuer determines to apply the hold-the offering price rule to any maturity of the Series 2025A Bonds. ***Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2025A Bonds will***

be subject to the hold-the offering-price rule in order to establish the issue price of the Series 2025A Bonds.

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Series 2025A Bonds to the public on or before the date of award at the offering price or prices (the “*initial offering price*”), or at the corresponding yield or yields, set forth in the bid submitted by the winner bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2025A Bonds, that the underwriters will neither offer nor sell unsold Series 2025A Bonds of any maturity to which the hold-the offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (a) the close of the fifth (5th) business day after the sale date; or
- (b) the date on which the underwriters have sold at least 10% of that maturity of the Series 2025A Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2025A Bonds to the public at a price that is not higher than the initial offering price to the public.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Series 2025A Bonds, the successful bidder agrees to promptly report to the Issuer the prices at which the unsold Series 2025A Bonds of that maturity have been sold to the public. If as of the award of the Series 2025A Bonds the 10% Test has not been satisfied as to any maturity of the Series 2025A Bonds, the successful bidder agrees to promptly report to the Issuer the prices at which it subsequently sells Series 2025A Bonds of that maturity to the public until the 10% Test is satisfied. If the Series 2025A Bonds constituting the first 10% of a certain maturity are sold at different prices, the successful bidder shall report to the Issuer the prices at which Series 2025A Bonds of such maturity are sold until either (i) all Series 2025A Bonds of that maturity have been sold or (ii) the successful bidder sells 10% of the Series 2025A Bonds of such maturity at a single price. The winning bidder’s reporting obligation shall continue as set forth above, whether or not the date of issuance of the Series 2025A Bonds has occurred *provided* that, the successful bidder’s reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the Issuer or bond counsel.

Sales of any Series 2025A Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

- (a) “*public*” means any person other than an underwriter or a related party,
- (b) “*underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025A Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Series 2025A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025A Bonds to the public),

(c) a purchaser of any of the Series 2025A Bonds is a “*related party*” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(d) “*sale date*” means the date that the Series 2025A Bonds are awarded by the Issuer to the winning bidder.

Any questions regarding the certificate should be directed to Chapman and Cutler LLP, Bond Counsel, 215 South State Street, Suite 560, Salt Lake City, Utah 84111, (801) 536-1441, chunter@chapman.com.

LEGAL OPINION AND CLOSING CERTIFICATES:

The unqualified approving opinion of Chapman and Cutler LLP covering the legality of the Series 2025A Bonds will be furnished to the successful bidder. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the Series 2025A Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the Series 2025A Bonds.

DISCLOSURE CERTIFICATE

The closing papers will include a certificate executed by the Issuer, confirming to the successful bidder that, to the best of the knowledge and belief of the signers thereof, and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the Series 2025A Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the “*Official Statement*”) did not as of its date and does not at the time of the delivery of the Series 2025A Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

CONTINUING DISCLOSURE

The Issuer will enter into a written agreement or contract, constituting an undertaking (the “*Undertaking*”) to provide ongoing disclosure about the Issuer for the benefit of the beneficial owners of the Series 2025A Bonds on or before the date of delivery of the Series 2025A Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder.

The successful bidder's obligation to purchase the Series 2025A Bonds shall be conditioned upon the delivery of the Undertaking on or before the date of delivery of the Series 2025A Bonds.

DELIVERY OF COPIES OF FINAL OFFICIAL STATEMENT

The Issuer shall deliver to the successful bidder on such business day as directed in writing by the successful bidder, which is not later than the seventh business day after the award of the Series 2025A Bonds as described under the caption "Award" above, electronic copies of the Official Statement so as to enable the successful bidder to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the Series 2025A Bonds, if any event relating to or affecting the Issuer shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a prospective purchaser, the Issuer shall, for so long as the successful bidder is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder such information with respect to itself as the successful bidder deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

MUNICIPAL ADVISOR

The Issuer has entered into an agreement with the Municipal Advisor under which the Municipal Advisor provides financial recommendations and guidance to the Issuer with respect to preparation for sale of the Series 2025A Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Series 2025A Bonds.

CONSENT TO USE OF ELECTRONIC SIGNATURES:

By submitting a bid, any bidder agrees and consents to the use of electronic signatures and electronic records pursuant to the Uniform Electronic Transactions Act, Title 46, Chapter 4 of the Utah Code Annotated 1953, as amended, on any documents delivered in connection with the Series 2025A Bond transaction; *provided, however*, that such consent and agreement only permits the use of, but does not require, electronic signatures or electronic records, including on documents delivered in counterparts.

WAIVER OF CONFLICTS

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

COMPLIANCE WITH PUBLIC CONTRACT BOYCOTT RESTRICTIONS

The bid submitted by the winning bidder shall be deemed to be the written certification by the winning bidder and any syndicate member, including any wholly-owned subsidiary, majority-owned subsidiary, parent company or affiliate of the winning bidder or any syndicate member (collectively, the “*Winning Bidder*”), that:

- (a) the Winning Bidder is not currently engaged in (i) a boycott of the State of Israel; or (ii) an economic boycott;
- (b) the Winning Bidder agrees not to engage in a boycott of the State of Israel for the duration of such contract; and
- (c) the Winning Bidder agrees to notify the Issuer in writing if the Winning Bidder begins engaging in an economic boycott (which notice may be grounds for termination of the contract).

For purposes of this Official Notice of Bond Sale:

- (a) “*Boycott action*” means refusing to deal, terminating business activities, or limiting commercial relations.
- (b) “*Boycott of the State of Israel*” means engaging in a boycott action targeting (i) the State of Israel; and (ii)(A) companies or individuals doing business in or with the State of Israel; or (B) companies authorized by, licensed by, or organized under the laws of the State of Israel to do business.
- (c) “*Boycotted company*” means a company that (i) engages in the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, mining, or agriculture; (ii) engages in, facilitates, or supports the manufacture, distribution, sale, or use of firearms; (iii) does not meet or commit to meet environmental standards, including standards for eliminating, reducing, offsetting, or disclosing greenhouse gas-emissions, beyond applicable state and federal law requirements; or (iv) does not facilitate or commit to facilitate access to abortion or sex characteristic surgical procedures.
- (d) “*Economic boycott*” means, without an ordinary business purpose (i) engaging in a boycott action targeting (A) a boycotted company; or (B) another company because the company does business with a boycotted company; or (ii) taking an action intended to penalize, inflict economic harm to, or change or limit the activities of (A) a boycotted company; or (B) another company because the company does business with a boycotted company.

Certain other terms used herein and not otherwise defined have the meanings assigned such terms in Section 63G-27-102 of the Utah Code. At the request of the Issuer, the Winning Bidder agrees to execute such further written certification as may be deemed necessary or convenient for the Issuer to establish compliance with Title 63G, Chapter 27 of the Utah Code.

ADDITIONAL INFORMATION

For copies of this OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and information regarding the electronic bidding procedures and other related information, contact Brian Baker (brian.baker@zionsbank.com), Zions Public Finance, Inc., One South Main Street, 18th Floor,

Salt Lake City, Utah 84133-1109, 385-272-7158, the Municipal Advisor to the Issuer. The Preliminary Official Statement (including this Official Notice of Bond Sale) is also available at I-deal Prospectus; MuniOS; and MuniHub.

DATED this 23rd day of December, 2024.

PROVO CITY, UTAH

ANNEX A
CERTIFICATE OF PURCHASER
[TO BE DATED THE CLOSING DATE]

The undersigned, on behalf of _____ (the “*Purchaser*”), hereby certifies as set forth below with respect to the sale and issuance of the \$29,000,000 aggregate principal amount of Wastewater Revenue Bonds, 2025 (the “*Series 2025A Bonds*”) of the Provo City, Utah (the “*Issuer*”).

I. DEFINED TERMS

1. “*Maturity*” means Series 2025A Bonds with the same credit and payment terms. Series 2025A Bonds with different maturity dates, or Series 2025A Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

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

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

4. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2025A Bonds. The Sale Date of the Bonds is December 23, 2024.

5. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the Purchaser to form an underwriting syndicate) to participate in the initial sale of the Series 2025A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025A Bonds to the Public).

II. GENERAL

1. On the Sale Date the Purchaser purchased the Series 2025A Bonds from the Issuer by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Bond Sale” and having its bid accepted by the Issuer. The Purchaser has not modified the terms of the purchase since the Sale Date.

III. PRICE

[1. [To be used if at least 3 bids are received] Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2025A Bonds to the Public by the Purchaser are the prices listed in *Schedule A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Series 2025A Bonds used by the Purchaser in formulating its bid to purchase the

Series 2025A Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by the Purchaser to purchase the Series 2025A Bonds.

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

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Series 2025A Bonds.]

[1. [To be used if there are not at least 3 bids received] As of the date of this certificate, for each of the _____ Maturities of the Series 2025A Bonds, the first price at which at least 10% of each of such Maturities of the Series 2025A Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. With respect to each of the _____ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Series 2025A Bonds of these Maturities at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Series 2025A Bonds of each of these Maturities equal to 10% or more of each of these Maturities will be at or below the expected sale price listed on the attached *Schedule A* (the "*Expected First Sale Price*").]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Series 2025A Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Series 2025A Bonds.

Dates as of the day and year first above written.

By: _____
Name: _____
Its: _____

SCHEDULE A

TO CERTIFICATE OF PURCHASER

Re: \$29,000,000
Provo City, Utah
Wastewater Revenue Bonds
Series 2025A

The Series 2025A Bonds are dated January __, 2025, and are due on September 1 of the years, in the amounts, bearing interest at the rates, and first sold and offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

YEAR	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	FIRST SALE PRICE OF AT LEAST 10% (% OF PAR)	EXPECTED OFFERING PRICE (% OF PAR)	TOTAL DOLLAR PRICE BASED ON LOWER OF FIRST SALE PRICE OR OFFER PRICE (\$)
	_____	%	%	%	_____
Total	=====				=====

SCHEDULE B

TO CERTIFICATE OF PURCHASER

ATTACH COPY OF PRICING WIRE

[This page has been intentionally left blank.]

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 23, 2024

**NEW ISSUE
Full Book Entry**

**RATINGS: S&P: "AA"
Fitch: "AA"
See "RATINGS" herein**

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Series 2025A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Series 2025A Bonds may affect the corporate alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2025A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX EXEMPTION" herein for a more complete discussion.

**\$29,000,000
PROVO CITY, UTAH
WASTEWATER REVENUE BONDS,
SERIES 2025A**

Dated: Date of Original Issuance

Due: February 1, as shown below

The Provo City, Utah (the "City") Wastewater Revenue Bonds, Series 2025A (the "Series 2025A Bonds") are issuable as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2025A Bonds. Purchases of Series 2025A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2025A Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025A Bonds. Interest on the Series 2025A Bonds is payable on March 1 and September 1 of each year, commencing _____, through Zions Bancorporation, National Association, as Paying Agent. So long as DTC or its nominee is the registered owner of the Series 2025A Bonds, payments of the principal of, and interest on such Series 2025A Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE SERIES 2025A BONDS—Book-Entry System" herein.

The Series 2025A Bonds are issued for the purpose of financing certain costs of acquisition and construction of improvements to the City's wastewater utility system (the "System") and paying costs of issuance of the Series 2025A Bonds.

The Series 2025A Bonds are subject to redemption prior to maturity, as described herein.

The Series 2025A Bonds are limited obligations of the City, payable solely from certain revenues of the System, as described herein. Neither the credit nor the taxing power of the City or the State of Utah or any agency, instrumentality or political subdivision thereof is pledged for the payment of the principal of or interest on the Series 2025A Bonds. The Series 2025A Bonds are not general obligations of the City or the State of Utah or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2025A Bonds shall not directly, indirectly, or contingently obligate the City or the State of Utah or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2025A Bonds. See "SECURITY FOR THE SERIES 2025A BONDS" herein.

Maturity Schedule

DUE SEPTEMBER 1	PRINCIPAL AMOUNT*	INTEREST RATE	YIELD	CUSIP	DUE SEPTEMBER 1	PRINCIPAL AMOUNT*	INTEREST RATE	YIELD	CUSIP
2025	\$ 715,000	%			2035	\$1,450,000	%		
2026	925,000				2036	1,520,000			
2027	970,000				2037	1,600,000			
2028	1,020,000				2038	1,680,000			
2029	1,075,000				2039	1,770,000			
2030	1,125,000				2040	1,850,000			
2031	1,185,000				2041	1,925,000			
2032	1,245,000				2042	2,005,000			
2033	1,310,000				2043	2,085,000			
2034	1,375,000				2044	<u>2,170,000</u>			

The Series 2025A Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality and other matters by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Brian Jones, City Attorney. Certain legal matters will be passed upon for the Underwriter by Chapman and Cutler LLP. It is expected that the Series 2025A Bonds will be available for delivery, in book-entry form only, through the facilities of DTC on or about January 16, 2025.

This cover page contains information for convenience of reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

[UNDERWRITER]

This Official Statement is dated _____, 2025, and the information contained herein speaks only as of such date.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the offering described herein, other than as contained in this Official Statement, and if given or made such information or representations may not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025A Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the City and DTC, and includes information obtained from other sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other person or entity discussed herein since the date hereof.

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

In connection with the offering of the Series 2025A Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2025A Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The securities offered hereby have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

PROVO CITY, UTAH
445 West Center Street
Provo, Utah 84603
(801) 852-6000

MAYOR AND MUNICIPAL COUNCIL

Michelle Kaufusi	Mayor
Katrice MacKay	Council Member and Chair
Rachel Whipple	Council Member and Vice Chair
Becky Bogdin	Council Member
Craig Christensen	Council Member
Gary Garrett	Council Member
George Handley	Council Member
Travis Hoban	Council Member

CITY ADMINISTRATION

Scott Henderson	Chief Administrative Officer
John Borget	Director of Administrative Services
Dan Follett	City Treasurer
Gordon Haight	Public Works Director
Brian Jones.....	City Attorney
Heidi Allman.....	City Recorder

BOND AND DISCLOSURE COUNSEL

CHAPMAN AND CUTLER LLP
215 South State Street, Suite 560
Salt Lake City, Utah 84111
(801) 533-0066

MUNICIPAL ADVISOR

ZIONS PUBLIC FINANCE, INC.
One South Main Street 18th Floor
Salt Lake City, Utah 84133

INDEPENDENT AUDITORS

HBME, LLC
559 West 500 South
Bountiful, Utah 84010

TRUSTEE, PAYING AGENT AND REGISTRAR

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION
Corporate Trust Department
One South Main Street, 12th Floor
Salt Lake City, Utah 84133

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OFFICIAL STATEMENT RELATED TO
\$29,000,000
PROVO CITY, UTAH
WASTEWATER REVENUE BONDS,
SERIES 2025A

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, contains information concerning (a) Provo City, Utah (the “*City*”) and the City’s wastewater system (the “*System*”), (b) the \$29,000,000 aggregate principal amount of the City’s Wastewater Revenue Bonds, Series 2025A (the “*Series 2025A Bonds*”) and the use of the proceeds of the Series 2025A Bonds, and (c) the Master Indenture Providing for the Issuance of Wastewater Revenue Bonds, dated as of February 1, 2015 (the “*Master Indenture*”), between the City and Zions Bancorporation, National Association, as trustee (the “*Trustee*”), as supplemented by a Supplemental Indenture dated as of January 1, 2025, authorizing the issuance of the Series 2025A Bonds (the “*Supplemental Indenture*” and, collectively with the Master Indenture, the “*Indenture*”).

The Series 2025A Bonds are being issued under the Indenture pursuant to the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, and other applicable provisions of the law. The Series 2025A Bonds are issued on a parity with the City’s Wastewater Revenue Bonds, Series 2015A (the “*Series 2015A Bonds*”), which are currently outstanding in the principal amount of \$5,770,000; Taxable Wastewater Revenue Bonds, Series 2020A (the “*Series 2020A Bonds*”), which are currently outstanding in the principal amount of \$75,750,000; and Taxable Wastewater Revenue Bonds, Series 2022A (the “*Series 2022A Bonds*”) and, collectively with the Series 2015A Bonds and the Series 2020A Bonds, the “*Outstanding Bonds*”), which are currently outstanding in the principal amount of \$9,950,000. Additional bonds may be issued under the Indenture on a parity with the Series 2025A Bonds and the Outstanding Bonds. The Series 2025A Bonds, the Outstanding Bonds, and any other bonds which may be issued from time to time under the Master Indenture are collectively referred to herein as the “*Bonds*.” The Series 2025A Bonds are issued for the purpose of financing certain costs of acquisition and construction of improvements to the System, as described below (the “*Project*”), and paying costs of issuance of the Series 2025A Bonds.

All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2025A Bonds are qualified in their entirety by reference to the form thereof and the information with respect thereto included in the Indenture. A copy of the Master Indenture is attached to this Official Statement as APPENDIX B, and copies of the form of Series 2025A Bond may be obtained during the initial offering period from either of the contacts listed below under the caption, “Contact Persons.” Descriptions of the Indenture and the Series 2025A Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided in the Indenture and the effect of the exercise of the police power by any entity having jurisdiction.

Capitalized terms not defined herein have the meanings given in APPENDIX B—MASTER INDENTURE.

SECURITY FOR THE 2025A BONDS

The Series 2025A Bonds are special limited obligations of the City that are payable from, and secured solely by a pledge and assignment of, the Revenues from the System and monies on deposit in the funds and accounts held by the Trustee under the Indenture. The Series 2025A Bonds are issued on a parity with the Outstanding Bonds any other Bonds that may be issued from time to time under the Indenture. See “SECURITY FOR THE SERIES 2025A BONDS—Additional Bonds” below. The Revenues of the System are applied to pay Operation and Maintenance Costs of the System, to the extent needed, before being applied to pay principal of and interest on the Series 2025A Bonds.

The Series 2025A Bonds are not a general obligation of the City, the State of Utah or any agency, instrumentality or political subdivision thereof. Neither the full faith and credit nor the taxing authority of the City, the State of Utah or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of the Series 2025A Bonds. The City will not mortgage or grant a security interest in the System to secure payment of the Series 2025A Bonds.

RATE COVENANT

The City covenants and agrees in the Indenture to establish, fix, prescribe and collect rates, charges and fees for the sale or use of System services furnished by the City that are reasonably expected to yield Net Revenues at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. See “SECURITY FOR THE SERIES 2025A BONDS—Rate Covenant” herein.

REGISTRATION, DENOMINATIONS, MANNER OF PAYMENT

The Series 2025A Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository for the Series 2025A Bonds. Purchases of Series 2025A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2025A Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025A Bonds.

Principal of and interest on the Series 2025A Bonds are payable by Zions Bancorporation, National Association, as Paying Agent, to the registered owners of the Series 2025A Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the Series 2025A Bonds. See “THE SERIES 2025A BONDS—Book-Entry System.”

TRANSFER OR EXCHANGE

So long as the book-entry system is in effect, beneficial owners may transfer their interests in the Series 2025A Bonds only through the book-entry system. In the event of a discontinuance of the book-entry system, the Series 2025A Bonds may be transferred or exchanged through a successor securities depository or Series 2025A Bond certificates may be printed and delivered.

TAX-EXEMPT STATUS

Subject to compliance by the City with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2025A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Series 2025A Bonds may affect the corporate alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under existing laws of the State, as presently enacted and construed, interest on the Series 2025A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See “TAX EXEMPTION.”

CONDITIONS OF DELIVERY, ANTICIPATED DATE, MANNER, AND PLACE OF DELIVERY

The Series 2025A Bonds are offered, subject to prior sale, when, as, and if issued and received by _____, as underwriter (the “*Underwriter*”), subject to the approval of their legality by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Brian Jones, City Attorney. Certain legal matters will be passed upon for the Underwriter by Chapman and Cutler LLP. It is expected that the Series 2025A Bonds in book-entry form will be available for delivery through the facilities of DTC on or about January 16, 2025.

CONTINUING DISCLOSURE

The City, for the benefit of the owners and beneficial owners of the Series 2025A Bonds, will agree to provide certain annual information and notice of the occurrence of certain events pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE” herein and APPENDIX C—CONTINUING DISCLOSURE AGREEMENT attached hereto.

CONTACT PERSONS

As of the date of this Official Statement, the chief contact person for the City concerning the Series 2025A Bonds is:

Dan Follett, Division Director of Finance
Provo City, Utah
445 West Center Street
Provo, Utah 84106
(801) 852-6503
dfollett@provo.utah.gov

Additional requests for information may be directed to the following:

Brian Baker, Vice President
Zions Public Finance, Inc.
One South Main Street, 18th Floor
Salt Lake City, Utah 84133
(801) 844-7381
brian.baker@zionsbancorp.com

THE SERIES 2025A BONDS

GENERAL

The Series 2025A Bonds are issued for the purpose of financing certain costs of the Project and paying costs of issuance of the Series 2025A Bonds.

The Series 2025A Bonds will be dated the date of their original issuance and will mature on September 1 of the years and in the amounts as set forth on the cover page of this Official Statement.

The Series 2025A Bonds will bear interest from their dated date at the rates set forth on the cover page of this Official Statement. Interest on the Series 2025A Bonds is payable on September 1, 2025, and semi-annually thereafter on each March 1 and September 1. Interest on the Series 2025A Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Zions Bancorporation, National Association, Salt Lake City, Utah is the Trustee, registrar and Paying Agent for the Series 2025A Bonds.

The Series 2025A Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof. So long as the book-entry system is in effect, beneficial owners may transfer their interests in the Series 2025A Bonds, through the book-entry system. When the book-entry system is no longer in effect with respect to the Series 2025A Bonds and when the privilege of exchanging or transferring the Series 2025A Bonds is exercised, the Trustee shall authenticate and deliver a new fully-registered Series 2025A Bond or Bonds duly executed by the City, for a like aggregate principal amount.

REDEMPTION

Optional Redemption. The Series 2025A Bonds maturing on or prior to September 1, 2033, are not subject to redemption prior to maturity. The Series 2025A Bonds maturing on or after September 1, 2034, are subject to redemption prior to maturity at the option of the City in whole or in part, from such maturities as shall be determined by the City in its discretion and within each maturity as selected by the Trustee, on any Business Day on or after March 1, 2034, at a redemption price of 100% of the principal amount of the Series 2025A Bonds to be redeemed plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2025A Bonds maturing on September 1, _____ are subject to mandatory redemption by operation of Sinking Fund Installments, at a redemption price equal to the principal amount of the Series 2025A Bonds to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the Sinking Fund Installments for the Series 2025A Bonds maturing on September 1, _____ are set forth in the following table:

SEPTEMBER 1 OF THE YEAR	AMOUNT
	\$

*

* Stated maturity.

Notice of Redemption. Notice of redemption shall be given by first-class mail, postage prepaid, not less than 30 nor more than 60 days before such redemption date, to the registered owner of the Series 2025A Bonds, at his address as it appears on the bond registration books of the Trustee or at such address as he may have filed with the Trustee for that purpose, but neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2025A Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the source of the funds to be used for such redemption, the principal amount and, if less than all of the Series 2025A Bonds of any like maturity are to be redeemed, the distinctive numbers of the Series 2025A Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of such Series 2025A Bonds the redemption price thereof and interest accrued thereon to the redemption date.

With respect to any notice of optional redemption of Series 2025A Bonds, unless upon the giving of such notice such Series 2025A Bonds shall be deemed to have been paid within the meaning of Article XI of the Indenture, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Series 2025A Bonds to be redeemed, and that if such money shall not have been so received said notice shall be of no force

and effect, and the Issuer shall not be required to redeem such Series 2025A Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made. Unless the notice of redemption contains such a condition, the Issuer shall deposit with, or otherwise make available to, the Trustee the money required for payment of the redemption price of and the accrued interest to the redemption date on all Series 2025A Bonds then to be called for redemption at least two days before the date fixed for such redemption.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025A Bond certificate will be issued for each stated maturity, each in the aggregate principal amount of such stated maturity.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025A Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not

receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025A Bonds, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Bonds, such as defaults and proposed amendments to the Series 2025A Bond documents. For example, Beneficial Owners of the Series 2025A Bonds may wish to ascertain that the nominee holding the Series 2025A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

If applicable, redemption notices shall be sent to DTC. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and other payments on the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective

holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or other amounts due with respect to the Series 2025A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025A Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025A Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE PROJECT

A portion of the proceeds of the Series 2025A Bonds will be used to finance the costs of the Project. The Project consists of the acquisition, construction, and installation of a wastewater treatment bioreactor process train, including valve gallery, membranes, concrete structures, and associated improvements; replacement of, and upgrades to, an outdated electrical system and components for the existing treatment plant; construction of a new wastewater treatment plant administration building, including new compliance laboratory, office space, ADA/gender specific locker rooms, showers, and changing areas, maintenance shop, and parking structures for sewer maintenance vehicles and equipment; and improvements to upgrade various existing treatment plant equipment and site landscaping and paving improvements.

The estimated cost of the Project is approximately \$37,000,000, approximately \$30,000,000 of which will be financed with proceeds of the Series 2025A Bonds, and approximately \$7,000,000 of which will be financed with proceeds of the City's Wastewater Revenue Bonds, Series 2025B (which are anticipated to be issued in 2025). The Series 2025A Project is expected to commence in February 2025, and the estimated completion date of the Series 2025A Project is July 2027.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Series 2025A Bonds are estimated to be as follows:

SOURCES:

Par amount of Series 2025A Bonds.....	\$
[Net] Original Issue Premium	_____
Total	\$ <u> </u>

USES:

Construction Fund	\$
Costs of Issuance ¹	_____
Total	\$ <u> </u>

¹ Includes underwriter's discount, legal fees, rating agency fees, Trustee and Paying Agent fees, and printing and other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements on the Outstanding Bonds and the Series 2025A Bonds for each of the years during which the Series 2025A Bonds are scheduled to be outstanding:

FISCAL YEAR ENDING JUNE 30	OUTSTANDING BONDS	SERIES 2025A BONDS		
		PRINCIPAL*	INTEREST	TOTAL
2025	\$ 1,199,886	\$ 715,000	\$	\$
2026	1,187,650	925,000		
2027	1,183,650	970,000		
2028	5,134,750	1,020,000		
2029	5,621,300	1,075,000		
2030	5,926,520	1,125,000		
2031	5,928,300	1,185,000		
2032	5,960,145	1,245,000		
2033	5,960,900	1,310,000		
2034	5,965,540	1,375,000		
2035	5,959,040	1,450,000		
2036	5,305,625	1,520,000		
2037	5,298,275	1,600,000		
2038	5,295,835	1,680,000		
2039	5,298,280	1,770,000		
2040	5,300,585	1,850,000		
2041	5,302,750	1,925,000		
2042	5,299,775	2,005,000		
2043	5,301,685	2,085,000		
2044	5,303,455	2,170,000		
2045	620,085	-		
TOTAL	\$98,354,031	\$29,000,000	\$	\$

* Preliminary; subject to change.

SECURITY FOR THE SERIES 2025A BONDS

PLEDGE OF THE INDENTURE

The Series 2025A Bonds are special limited obligations of the City payable from, and secured solely by a pledge and assignment of, the Revenues from the System and monies on deposit in the funds and accounts held by the Trustee under the Indenture. Revenues include all income, rents and receipts derived by the City from or attributable to the System, including, principally, fees paid by the customers of the System.

The Series 2025A Bonds are issued on a parity with the Outstanding Bonds and any Bonds that may be issued from time to time under the Master Indenture. See "SECURITY FOR THE SERIES

2025A BONDS—Additional Bonds,” and “Additional Financings” below. Revenues of the System are applied, to the extent necessary, to pay the Operation and Maintenance Costs of the System before being applied to pay principal and interest on any Bonds.

The Series 2025A Bonds are not a general obligation of the City, the State of Utah or any agency, instrumentality or political subdivision thereof. Neither the full faith and credit nor the taxing authority of the City, the State of Utah or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of the Series 2025A Bonds. The City will not mortgage or grant a security interest in the System to secure payment of the Series 2025A Bonds.

RATE COVENANT

The City covenants and agrees in the Indenture to establish, fix, prescribe and collect rates, charges and fees for the sale or use of System services furnished by the City which, together with other income, are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. The term “*Rate Covenant Requirement*” means an amount of Net Revenues which, together with any Other Available Revenues, is at least equal to the sum of (a) 125% of the Aggregate Debt Service excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (b) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year, and (c) 100% of the amounts, if any, required by the Indenture to be deposited by the City into the Debt Service Reserve Account during the forthcoming Fiscal Year.

If the annual financial statement prepared in accordance with the Indenture discloses that during the period covered by such financial statement the Net Revenues were not at least equal to the Rate Covenant Requirement, the City shall not be in default with respect to the foregoing covenant if, within 90 days after the date of such financial statement the City revises the schedule of rates, charges and fees insofar as is practicable and revises Operation and Maintenance Costs so as to produce Net Revenues at least equal to the Rate Covenant Requirement.

ADDITIONAL BONDS

The Indenture permits the issuance of additional Bonds to finance the costs of system projects or to refund any outstanding debt. The City may issue additional Construction Bonds upon receipt by the Trustee of:

(1) A Written Certificate of the City (A) setting forth for the latest Fiscal Year for which the latest audited financial statement is available prior to the issuance of such additional Bonds, the Net Revenues for such period, and (B) showing that such Net Revenues for such Year are not less than the Rate Covenant Requirement with respect to all Bonds to be outstanding, for each Fiscal Year to and including the Fiscal Year in which occurs the latest maturity of such series of Bonds; or

(2) (A) A Written Certificate of the City setting forth the Estimated Net Revenues for each Fiscal Year to and including the second Fiscal Year succeeding the

Estimated Completion Date of the Project (or if interest on the additional Bonds is capitalized until a certain date, for each of the two Fiscal Years succeeding such date); and

(B) A Written Certificate of the City showing that the Estimated Net Revenues as shown in such Written Certificate of the City for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such Fiscal Years for all Bonds that will be outstanding upon the issuance of the proposed Bonds.

Refunding Bonds may be issued upon receipt by the Trustee of (i) either of the certificates described above with respect to the issuance of additional Construction Bonds, or (ii) a Written Certificate of the City stating that the Aggregate Debt Service on the Refunding Bonds is no greater than 110% of the Aggregate Debt Service on the refunded debt for each Fiscal Year to and including the Fiscal Year that includes the date of the latest maturity of the refunded debt or the Refunding Bonds, whichever is later.

Any additional Bonds will rank equally as to security and payment with the Series 2025A Bonds and the Outstanding Bonds. See Article II of the MASTER INDENTURE in APPENDIX B hereto.

NO RESERVE FUND

There is no Debt Service Reserve Requirement with respect to the Series 2025A Bonds.

THE WASTEWATER SYSTEM

GENERAL

As defined under the Indenture, the System includes the City's sewer collection, treatment, and disposition system, together with any expansions, extensions and improvements to the System. Currently, the System includes approximately 320 miles of wastewater collection mains ranging in diameter from 4" to 42", 16 lift stations, a wastewater treatment plant, and other wastewater system infrastructure.

CONNECTIONS

The following table shows the number of System connections for the years shown:

YEAR	2024	2023	2022	2021	2020	2019
Sewer Connections	19,226	19,115	19,173	18,962	18,860	18,618

TREATMENT

The City's wastewater is treated at the Provo Wastewater Reclamation Plant located at 1685 South East Bay Boulevard (the "Treatment Plant"). The Treatment Plant was placed in

operation in 1956 and was expanded in 1978. The Treatment Plant has a maximum-month average-day capacity of 21 MGD and a peak hour capacity of 42 MGD.

WASTEWATER RATES

The following table shows the wastewater rate structure for the last five fiscal years and estimated increases for the next five years. Monthly charges consist of two components: a monthly base rate which is based on the connection size (the chart below only shows the smallest base charge for the sake of simplicity), and a consumption charge that is based on average wintertime consumption.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Base Rate	\$13.73	\$17.16	\$18.88	\$20.58	\$21.20	\$21.20	\$21.20	\$21.84	\$22.49	\$23.17
Per 1,000 Gallons	\$3.76	\$4.70	\$5.17	\$5.64	\$5.81	\$5.81	\$5.81	\$5.98	\$6.16	\$6.35

Impact fees are assessed on all building and excavation permits and must be paid before the City will allow a connection to the System. Wastewater service charges are billed monthly, and are considered delinquent and assessed a late penalty of 1.5% if they are not paid within three days of the due date. Seven days after the due date, a reminder letter is sent out, and a final letter is sent 15 days after the due date. Once a second bill comes due 30 days after the initial bill was due and both go unpaid for three days (making the first bill 33 days overdue), service is discontinued. The customer is reconnected after payment of the delinquent amount.

WASTEWATER REVENUES

The following table shows wastewater sales and impact fee revenues of the System for the fiscal years shown:

	2024	2023	2022	2021	2020
Wastewater Sales	25,443,449	24,693,800	23,547,496	21,081,271	16,671,826
Impact Fees	1,051,729	594,135	972,043	1,960,326	885,299

LARGEST SYSTEM CUSTOMERS

The largest users of the System for fiscal year 2024, by wastewater revenues, were as follows:

ENTITY	WASTEWATER REVENUES	% OF TOTAL WASTEWATER BILLS*
Brigham Young University	\$1,343,178	5.3%
Utah Valley Regional Medical Center	365,931	1.4
Linx Property Management	195,706	0.8
Provo City Corporation	195,011	0.8
The Boulders	188,946	0.7
Aspen Ridge Management	186,438	0.7
Raintree Apartments	180,607	0.7
Horizon Realty Advisors	155,364	0.6
Qualtrics Inc.	138,217	0.5
Provo School District	132,892	0.5

* Based on total revenues generated from service charges of the System for fiscal year 2024 of \$25,443,449.

PERMITS

The City holds all permits necessary to operate the System and is in compliance with all laws and regulations applicable to the operation of the System.

ADDITIONAL FINANCINGS

As of the date of this Official Statement, the only Bonds outstanding under the Indenture are the Series 2025A Bonds and the Outstanding Bonds.* In addition, the City plans to issue approximately \$7,000,000 of additional Bonds under the Master Indenture during 2025.

SYSTEM FINANCIAL INFORMATION

The following tables set forth certain financial information pertaining to the System for the fiscal years shown. Such summaries are unaudited but have been extracted from the City's audited financial statements for such years.

* Assumes the issuance of the Series 2025A Bonds.

PROVO CITY, UTAH
WASTEWATER ENTERPRISE SYSTEM
STATEMENT OF NET POSITION
as of June 30,

Assets	2024	2023	2022	2021	2020
Current Assets					
Cash	\$ 5,835,495	\$13,762,755	\$ 8,323,033	\$ 3,094,734	\$ 4,132,799
Restricted Cash	473,280	2,222,212	1,914,656	2,345,730	1,531,196
Accounts Receivable	<u>2,136,985</u>	<u>6,365,499</u>	<u>1,936,288</u>	<u>9,727,248</u>	<u>276,398</u>
Total Current Assets	\$ 8,445,760	22,350,466	12,173,977	15,167,712	5,940,393
Noncurrent Assets					
Capital Assets:					
Depreciable assets	80,320,479	52,688,944	47,844,492	49,168,084	49,140,234
Non Depreciable	<u>122,903,249</u>	<u>111,408,408</u>	<u>75,444,356</u>	<u>27,461,700</u>	<u>8,316,808</u>
Net Capital Assets	203,223,728	164,097,838	123,288,848	76,629,784	57,457,042
Net pension Assets	-	-	368,888	-	-
Total Noncurrent Assets	<u>203,223,728</u>	<u>164,097,838</u>	<u>123,657,736</u>	<u>76,629,784</u>	<u>57,457,042</u>
Total Assets	<u>211,669,488</u>	<u>186,448,304</u>	<u>135,831,713</u>	<u>91,797,496</u>	<u>63,397,435</u>
Deferred outflows of resources:					
Related to pensions	325,817	236,221	182,004	160,608	138,377
Related to OPEB	33,321	11,372	17,305	17,350	17,305
Total deferred outflows of resources	<u>359,138</u>	<u>247,593</u>	<u>199,309</u>	<u>177,913</u>	<u>155,682</u>
Total assets and deferred inflow of resources	<u>\$212,028,626</u>	<u>\$186,695,897</u>	<u>\$136,031,022</u>	<u>\$91,975,409</u>	<u>\$63,553,117</u>
Liabilities, deferred inflows of resources and net position					
Liabilities:					
Accounts payable	\$ 8,271,066	\$ 9,281,751	\$ 7,976,290	\$ 5,263,187	\$ 1,913,882
Bonds, leases and loans payable	485,000	475,000	405,000	385,000	370,000
Accrued interest payable	403,541	325,282	193,259	132,230	118,706
Accrued liabilities	86,842	56,654	38,762	32,176	109,028
Due to other funds	12,442,649	-	-	-	-
Accrued compensated absences	81,186	67,419	93,978	100,043	82,039
Customer deposits	<u>267,447</u>	<u>287,327</u>	<u>241,732</u>	<u>197,357</u>	<u>13,497</u>
Total Current Liabilities	<u>22,037,731</u>	<u>10,493,433</u>	<u>8,949,021</u>	<u>6,109,993</u>	<u>2,607,152</u>
Long-term Liabilities					
Bonds, leases and loans payable	81,022,906	81,514,034	48,992,284	22,317,412	7,803,541
Net pension liability	192,390	125,324	-	183,449	343,627
Net OPEB payable	136,931	68,470	91,097	228,119	254,192
Accrued compensated absences	189,434	<u>157,311</u>	<u>219,280</u>	<u>233,434</u>	<u>191,424</u>
Total Long-term Liabilities	<u>81,541,661</u>	<u>81,865,139</u>	<u>49,302,661</u>	<u>22,962,414</u>	<u>8,592,784</u>
Total Liabilities	<u>103,579,392</u>	<u>92,358,572</u>	<u>58,251,682</u>	<u>29,072,407</u>	<u>11,199,936</u>
Deferred inflows of resources:					
Related to pensions	8,572	26,792	626,261	312,141	181,962
Related to OPEB	41,014	<u>20,769</u>	<u>4,983</u>	<u>4,983</u>	<u>4,983</u>
Total deferred inflows of resources		47,561	631,244	317,124	186,945
Net Position					
Net investment in capital assets	113,649,178	78,995,311	64,174,843	53,927,372	49,283,501
Unrestricted	<u>(5,772,810)</u>	<u>13,752,773</u>	<u>11,036,965</u>	<u>(1,068,742)</u>	<u>2,606,337</u>
Restricted for:					
Debt service	473,280	375,304	278,160	273,360	276,398
Capital projects	-	<u>1,166,376</u>	<u>1,658,128</u>	<u>9,453,888</u>	-
Total net position	\$108,399,648	\$94,289,764	\$77,148,096	\$62,585,878	\$52,166,236

PROVO CITY, UTAH
WASTEWATER ENTERPRISE SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the fiscal year ended June 30,

	2024	2023	2022	2021	2020
Operating Revenues:					
Charges for services	\$25,488,632	\$24,738,095	\$23,584,086	\$21,096,048	\$16,712,840
Miscellaneous	165,514	112,141	1,610,021	689,427	308,536
Lease Income	<u>9,170</u>	<u>7,858</u>	<u>8,448</u>	<u>10,398</u>	<u>8,812</u>
Total operating revenues	25,663,316	24,858,094	25,202,555	21,795,873	17,030,188
Operating expenses:					
Operating expenses	4,018,928	3,818,627	4,334,239	5,954,281	2,203,744
Salaries and wages	2,367,657	2,072,138	1,740,741	1,647,714	1,533,971
Depreciation	1,283,108	1,246,434	1,323,592	1,595,324	1,412,301
Employee benefits	<u>1,374,173</u>	<u>1,053,209</u>	<u>713,630</u>	<u>912,599</u>	<u>1,056,073</u>
Total operating expenses	9,043,866	8,190,408	8,112,202	10,109,918	6,206,089
Operating income (loss)	16,619,450	16,667,686	17,090,353	11,685,955	10,824,099
Non-operating revenues (expenses)					
Interest income	402,110	646,617	59,758	26,715	125,501
Interest expense	<u>(552,717)</u>	<u>(459,958)</u>	<u>(314,442)</u>	<u>(248,896)</u>	<u>(253,822)</u>
Total non-operating revenues (expenses)	<u>(150,607)</u>	<u>186,659</u>	<u>(254,684)</u>	<u>(222,181)</u>	<u>(128,321)</u>
Income (loss) before operating transfers	16,468,843	16,854,345	16,835,669	11,463,774	10,695,778
Capital contributions (impact fees)	1,051,729	594,135	972,043	1,960,327	885,298
Operating transfers					
Transfers in	-	3,000,000	-	-	-
Transfers out	<u>(3,410,688)</u>	<u>(3,306,812)</u>	<u>(3,245,494)</u>	<u>(3,004,459)</u>	<u>(1,919,736)</u>
Total non-operating revenues (expenses)	<u>(3,410,688)</u>	<u>(306,812)</u>	<u>(3,245,494)</u>	<u>(3,004,459)</u>	<u>(1,919,736)</u>
Change in Net Position	14,109,884	17,141,668	14,562,218	10,419,642	9,661,340
Net Position at beginning of year (as restated)	<u>94,289,764</u>	<u>77,148,096</u>	<u>62,585,878</u>	<u>52,166,236</u>	<u>42,504,896</u>
Net Position at end of year	<u>\$108,399,648</u>	<u>\$94,289,764</u>	<u>\$77,148,096</u>	<u>\$62,585,878</u>	<u>\$52,166,236</u>

THE CITY

GENERAL

The City, incorporated in 1851, covers an area of approximately 44 square miles and is located in the central portion of Utah County. The City is the third largest city in the State by population. The City is located approximately 45 miles south of Salt Lake City, Utah.

The following table shows the population of the City for the years shown:

YEAR	POPULATION
2023*	113,343
2020	115,162
2010	112,488
2000	105,168
1990	86,835
1980	74,111
1970	53,131

Source: U.S. Census Bureau.

* Estimated as of July 1, 2023.

FORM OF GOVERNMENT

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

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

OFFICE	NAME	YEARS OF SERVICE	EXPIRATION OF CURRENT TERM
Mayor	Michelle Kaufusi	7	January 2026
Council Member and Chair	Katrice MacKay	3	January 2026
Council Member and Vice Chair	Rachel Whipple	3	January 2026
Council Member	Becky Bogdin	1	January 2028
Council Member	Craig Christensen	1	January 2028
Council Member	Gary Garrett	1	January 2028
Council Member	George Handley	7	January 2026
Council Member	Travis Hoban	5	January 2028
Chief Administrative Officer	Scott Henderson	24	Appointed
Director of Administrative Services	John Borget	29	Appointed
City Treasurer	Dan Follett	16	Appointed
Public Works Director	Gordon Haight	3	Appointed
City Attorney	Brian Jones	17	Appointed
City Recorder	Heidi Allman	7	Appointed

EMPLOYEE WORKFORCE AND RETIREMENT SYSTEM

The City employs approximately 757 full-time employees. The City is a member of the Utah State Retirement System and provides certain other post-employment benefits (OPEB). See “APPENDIX B—BASIC FINANCIAL STATEMENTS OF THE CITY OF PROVO FOR FISCAL YEAR 2024—Notes to Financial Statements—Note 12 (Other Post Employment Benefits)” and “—Note 13 (Retirement Plans).”

INVESTMENT OF FUNDS

The State Money Management Act. Title 51, Chapter 7 of the Utah Code (the “*Money Management Act*”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State of Utah (the “*State*”). The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “*Money Management Council*”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate. The City is currently complying with all provisions of the Money Management Act for all City funds.

The Utah Public Treasurer’s Investment Fund. A significant portion of City funds are invested in the Utah Public Treasurers Investment Fund (the “PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days, and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act. All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State. Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX A–AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024—Notes to the Financial Statements—Note 2. Summary of Deposits and Investments.”

CERTAIN FINANCIAL INFORMATION REGARDING THE CITY

DEBT STRUCTURE OF THE CITY

The City’s outstanding long-term debt is as follows:

<i>Water Revenue Bonds</i>		
BONDS	OUTSTANDING PRINCIPAL AMOUNT	FINAL MATURITY DATE
Series 2015A	\$ 6,925,000	February 1, 2035
Series 2023A	<u>36,750,000</u>	February 1, 2055
TOTAL	\$43,675,000	

Wastewater Revenue Bonds

BONDS	OUTSTANDING PRINCIPAL AMOUNT	FINAL MATURITY DATE
Series 2015A	\$ 5,770,000	February 1, 2035
Series 2020A	75,750,000	September 1, 2043
Series 2022A	9,950,000	September 1, 2044
Series 2025A	\$29,000,000	September 1, 2044
TOTAL	\$120,470,000	

Energy System Revenue Bonds

BONDS	OUTSTANDING PRINCIPAL AMOUNT	FINAL MATURITY DATE
Series 2015A	\$12,355,000	February 1, 2035

Cemetery Revenue Bonds

BONDS	OUTSTANDING PRINCIPAL AMOUNT	FINAL MATURITY DATE
Series 2014A	\$1,383,000	May 1, 2034

General Obligation Bonds

BONDS	OUTSTANDING PRINCIPAL AMOUNT	FINAL MATURITY DATE
Series 2017 G.O. Bonds	\$ 19,065,000	January 1, 2032
Series 2019 G.O. Bonds	<u>54,065,000</u>	February 1, 2039
TOTAL	\$73,130,000	

Sales Tax Revenue Bonds

BONDS	OUTSTANDING PRINCIPAL AMOUNT AS OF JUNE 30, 2013	FINAL MATURITY DATE
Series 2004	\$5,954,000	February 15, 2026
Series 2017	<u>3,695,000</u>	February 15, 2034
TOTAL	\$9,649,000	

In addition, the City's long-term debt includes certain notes payable, capital leases, accrued compensated absences, and subscription-based information technology arrangements, as described in Notes 6, 7, and 8 of APPENDIX A—AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024.

FIVE-YEAR FINANCIAL SUMMARIES

Set forth below are summaries of the City's statements of net position and statements of activities for the years shown. Such summaries are unaudited but have been extracted from the City's audited financial statements for such years.

PROVO CITY, UTAH
STATEMENT OF NET POSITION
as of June 30,

	2024	2023	2022	2021	2020
Assets					
Cash	\$ 98,144,570	\$ 122,261,216	\$ 122,987,489	\$ 128,087,271	\$114,962,716
Restricted cash	53,633,295	78,507,057	78,545,734	97,032,093	88,895,884
Accounts receivable	65,417,458	43,158,974	50,833,099	47,713,537	50,938,606
Inventory	5,590,097	5,392,982	3,332,086	2,806,395	2,491,480
Noncurrent Assets		-	-	-	-
Notes and loans receivable	17,278,525	17,267,137	18,468,973	20,360,426	21,586,224
Net pension asset	8,254,686	6,029,980	26,000,005	6,494,631	3,100,140
Capital assets not being depreciated	416,006,325	384,447,846	441,123,945	331,912,717	283,311,664
Capital assets, net of accumulated depreciation/amortization	603,324,228	541,074,682	411,079,028	420,432,525	394,761,903
Investment in joint ventures	12,095,862	16,090,669	15,992,510	14,003,229	10,705,461
Other	<u>1,611,727</u>	<u>1,611,727</u>	<u>1,611,727</u>	<u>1,921,687</u>	<u>1,611,727</u>
Total Assets	<u>1,281,356,773</u>	<u>1,215,842,270</u>	<u>1,169,974,596</u>	<u>1,070,745,511</u>	<u>972,365,805</u>
Deferred Outflows of Resources	<u>19,707,464</u>	<u>14,818,185</u>	<u>12,372,839</u>	<u>10,790,275</u>	<u>9,893,975</u>
Liabilities:					
Accounts payable	28,126,186	24,288,548	22,365,273	20,755,289	14,324,993
Accrued liabilities	19,137,717	14,824,992	15,614,296	15,088,743	12,927,122
Accrued interest payable	2,248,741	2,377,226	2,403,136	2,461,694	2,593,433
Customer deposits	12,704,697	13,441,531	12,829,308	11,386,940	10,283,378
Unearned revenue	-	-	-	16,940,349	-
Noncurrent liabilities due within one year:					
Accrued compensated absences	2,367,558	2,192,037	2,866,452	2,973,995	2,842,255
Bonds, loans and leases payable	12,986,981	15,983,870	11,328,138	11,339,599	10,710,667
Noncurrent liabilities due in more than one year:					
Accrued compensated absences	5,524,305	5,114,752	6,688,386	6,939,319	6,631,927
Net OPEB payable	3,408,058	3,739,527	4,975,305	6,478,580	7,219,042
Net pension liability	17,378,570	13,298,452	4,336,974	9,925,214	18,591,328
Bonds, loans and leases payable	<u>188,596,267</u>	<u>202,896,968</u>	<u>186,171,324</u>	<u>171,372,987</u>	<u>163,054,607</u>
Total Liabilities	292,479,080	298,157,903	269,578,592	275,662,709	249,178,752
Deferred Inflows of Resources	<u>19,166,408</u>	<u>19,591,446</u>	<u>50,778,440</u>	<u>33,263,517</u>	<u>26,370,381</u>
Net Position					
Net investment in capital assets	800,215,026	683,219,869	636,701,924	599,421,004	565,914,456
Restricted for:					
Debt service	4,191,055	3,820,006	3,516,024	2,868,107	2,920,520
Capital projects	10,312,246	33,027,193	46,297,562	25,446,347	8,787,765
Pensions	8,254,686	-	-	-	-
Unrestricted	<u>166,445,736</u>	<u>192,844,038</u>	<u>175,474,893</u>	<u>144,893,102</u>	<u>129,087,906</u>
Total Net Position	<u>\$ 989,418,749</u>	<u>\$ 912,911,106</u>	<u>\$ 861,990,403</u>	<u>\$ 772,628,560</u>	<u>\$706,710,647</u>

PROVO CITY, UTAH
STATEMENT OF ACTIVITIES
as of June 30,

Functions/Programs	2024	2023	2022	2021	2020
Governmental activities:					
General government	\$ (24,763,692)	\$ (12,713,482)	\$ 21,767,142	\$ (4,485,083)	\$ (8,877,519)
Public safety	(45,882,855)	(40,565,511)	(39,112,410)	(32,819,070)	(28,771,780)
Public services	6,881,769	4,454,453	8,660,638	4,854,445	6,555,623
Culture and recreation	(5,431,259)	(12,107,341)	(7,952,768)	(8,140,096)	(7,200,839)
Community revitalization	1,728,256	409,476	(3,865,585)	(470,819)	1,669,427
Interest on long-term debt	<u>(2,960,550)</u>	<u>(3,472,038)</u>	<u>(2,274,573)</u>	<u>(3,995,827)</u>	<u>(4,598,372)</u>
Total government activities	(70,428,331)	(63,994,443)	(22,777,556)	(45,056,450)	(41,223,460)
Business-type activities:					
Golf course	(461,823)	(461,972)	(88,676)	(141,364)	(1,085,624)
Water	6,712,140	5,979,288	5,637,171	5,788,104	3,737,480
Waste water	17,225,961	16,793,927	16,088,741	12,828,742	11,095,179
Energy	6,395,099	12,479,902	9,091,025	11,225,580	6,960,041
Airport	25,464,287	(353,527)	3,523,807	10,674,040	10,493,639
Utility transportation	627,566	(501,812)	(234,565)	249,749	(1,799,167)
Sanitation	1,089,037	1,385,191	1,014,236	1,184,322	1,671,608
Storm drain	2,509,432	3,736,670	2,334,558	3,232,242	3,928,212
Ice sheet	<u>(193,430)</u>	<u>(174,139)</u>	<u>36,771</u>	<u>(264,126)</u>	<u>(730,617)</u>
Total business-type activities	<u>59,368,269</u>	<u>38,883,528</u>	<u>37,403,068</u>	<u>44,777,289</u>	<u>34,270,751</u>
Total primary government	<u>(11,060,062)</u>	<u>(25,110,915)</u>	<u>14,625,512</u>	<u>(279,161)</u>	<u>(6,952,709)</u>
General revenues and transfers:					
General revenues:					
Property taxes	19,152,819	17,537,143	17,603,887	18,551,360	17,463,263
Vehicle taxes	730,969	749,854	889,318	936,207	914,073
Sales taxes	27,552,358	27,765,087	27,030,311	23,865,184	20,675,621
Franchise taxes	12,038,245	11,982,695	10,814,959	10,306,045	9,804,436
RAP taxes	1,963,326	2,012,720	1,943,033	1,647,562	1,433,495
Other taxes	1,087,219	1,307,212	1,001,787	743,627	739,068
Investment earnings	6,600,932	8,146,314	3,427,115	4,798,280	5,334,497
Gain on sale of capital assets	9,474,304	-	1,387,535	33,390	-
Miscellaneous	<u>8,967,533</u>	<u>6,530,593</u>	<u>10,638,386</u>	<u>5,315,419</u>	<u>10,080,902</u>
Total general revenues	<u>87,567,705</u>	<u>76,031,618</u>	<u>74,736,331</u>	<u>66,197,074</u>	<u>66,445,355</u>
Change in net position	76,507,643	50,920,703	89,361,843	65,917,913	59,492,646
Net position-beginning	<u>912,911,106</u>	<u>861,990,403</u>	<u>772,628,560</u>	<u>706,710,647</u>	<u>647,218,001</u>
Net position-ending	<u>\$989,418,749</u>	<u>\$912,911,106</u>	<u>\$861,990,403</u>	<u>\$772,628,560</u>	<u>\$706,710,647</u>

INDEPENDENT AUDITORS

The financial statements of the City as of June 30, 2024 and for the year then ended, included in this Official Statement, have been audited by HBME, LLC, certified Public Accountants (“*HBME*”), as stated in their report in APPENDIX A to this Official Statement. HBME is not required to consent, and has not consented, to the use of the financial statements in this Official Statement, and has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE UNDERTAKING

The City will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Series 2025A Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*Commission*”) under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis, and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the Undertaking. The proposed form of the Undertaking is attached as APPENDIX C to this Official Statement.

During the previous five years, the City has, in all material respects, not failed to comply, with any undertaking previously entered into by it pursuant to the Rule.

A failure by the City to comply with the Undertaking will not constitute an event of default under the Indenture, and beneficial owners of the Series 2025A Bonds are limited to the remedies described in the Undertaking. See “Consequences of Failure of the City to Provide Information” in APPENDIX C—CONTINUING DISCLOSURE UNDERTAKING. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2025A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2025A Bonds and their market price.

TAX EXEMPTION

FEDERAL INCOME TAXATION

Federal tax law contains a number of requirements and restrictions which apply to the Series 2025A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Series 2025A Bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2025A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2025A Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2025A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Series 2025A Bonds may affect the corporate alternative minimum tax for certain corporations.

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

Ownership of the Series 2025A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

[The issue price for original issue discount (as further discussed below) and market discount purposes (the "*OID Issue Price*") for each maturity of the Series 2025A Bonds maturing on _____ 1 of the years _____, is the price at which a substantial amount of such maturity of the Series 2025A Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The *OID Issue Price* of a maturity of the Series 2025A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the *OID Issue Price* of a maturity of the Series 2025A Bonds is less than the principal amount payable at maturity, the difference between the *OID Issue Price* of each such maturity, if any, of the Series 2025A Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an *OID Bond* in the initial public offering at the *OID Issue Price* for such maturity and who holds such *OID Bond* to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such *OID Bond* constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such *OID Bond* at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of *OID Bonds* should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such *OID Bonds*.]

Owners of Series 2025A Bonds who dispose of Series 2025A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2025A Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series 2025A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2025A Bond is purchased at any time for a price that is less than the Series 2025A Bond's stated redemption price at maturity [or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "*Revised Issue Price*")], the purchaser will be treated as having purchased a Series 2025A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2025A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2025A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2025A Bonds.

An investor may purchase a Series 2025A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2025A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Series 2025A Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2025A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2025A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to herein or adversely affect the market value of the Series 2025A Bonds. For example, legislation has been introduced in the current session of Congress which would, among other things and if enacted, change the income tax rates for individuals and corporations and repeal the federal alternative minimum tax. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2025A Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure.

The commencement of an audit could adversely affect the market value and liquidity of the Series 2025A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2025A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2025A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2025A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

UTAH TAX EXEMPTION

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2025A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2025A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

INVESTMENT CONSIDERATIONS

LIMITED OBLIGATIONS

The Series 2025A Bonds are special obligations of the City payable solely from the Revenues, moneys, securities and funds pledged therefor in the Indenture, on a parity with the Outstanding Bonds and any future obligations entered into by the City under the Indenture. Neither the faith and credit nor the taxing power of the City or the State of Utah or any political subdivision thereof is pledged for the payment of the Series 2025A Bonds. The Indenture does not pledge any property constituting part of the System. See “SECURITY FOR THE SERIES 2025A BONDS.”

RISKS RELATED TO HEALTH EMERGENCIES

Regional, national, or global health-related epidemics or pandemics could have materially adverse local, regional, national, or global economic and social impacts. Although the City believes that the COVID-19 pandemic did not have a material adverse effect on the City’s finances or ability to make debt service payments on its existing obligations, the City’s finances may be materially adversely affected by future epidemics or pandemics.

CYBERSECURITY

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the City to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage.

To date, the City has not experienced any materially adverse impact from any cybersecurity breach. The City has implemented certain security protocols in order to reduce the risk of cybersecurity breaches. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges.

LITIGATION

Brian Jones, City Attorney, has advised that, to the best of his knowledge, after due inquiry, there is no pending or threatened litigation that would legally enjoin or prohibit the issuance, sale or delivery of the Series 2025A Bonds or have a material adverse effect on the City.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2025A Bonds are subject to the approval of Chapman and Cutler LLP, Bond Counsel. Certain legal matters will be passed upon for the City by Brian Jones, and for the Underwriter by Chapman and Cutler LLP. The form of approving opinion of Bond Counsel is set forth in APPENDIX D hereto.

The various legal opinions to be delivered concurrently with the delivery of the Series 2025A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. The rendering of any such opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

BOND RATINGS

S&P Global Ratings and Fitch Ratings have assigned ratings of "AA" and "AA", respectively, to the Series 2025A Bonds. Such ratings reflects only the views of such rating services, and an explanation of the significance of such ratings maybe obtained from the rating services.

There is no assurance that the ratings given the Series 2025A Bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or

withdrawal of such ratings may have an adverse effect on the market price of the Series 2025A Bonds.

UNDERWRITING

_____ (the “*Underwriter*”) has agreed, subject to certain conditions, to purchase all of the Series 2025A Bonds from the City at a price of \$_____, (representing the principal amount of the Series 2025A Bonds, plus [net] original issue premium of \$_____, less underwriter’s discount of \$_____), and to make a public offering of the Series 2025A Bonds. The Underwriter has advised the City that the Series 2025A Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2025A Bonds into investment trusts) at prices lower than the initial offering prices set forth on the cover of this Official Statement and that such public offering prices may be changed from time to time.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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

This Official Statement and its distribution and use have been duly authorized by the Municipal Council of the City.

PROVO CITY, UTAH

APPENDIX A

**AUDITED FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2024**

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Annual Comprehensive Financial Report

For the Year Ending June 30, 2024
City of Provo, Utah





Annual Comprehensive Financial Report

City of Provo, Utah

For the Fiscal year Ended June 30, 2024

PROVO CITY CORPORATION
Annual Comprehensive Financial Report
Year Ended June 30, 2024

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

LETTER OF TRANSMITTAL

November 25, 2024

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 the U.S. 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 Annual Comprehensive Financial Report of the City of Provo (the City) for the fiscal year ended June 30, 2024.

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.

HBME, LLC, 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, 2024, 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. HBME, LLC concluded, based upon the audit, that there is reasonable basis for rendering an unmodified opinion that the City of Provo's financial statements for the fiscal year ended June 30, 2024, were fairly presented in conformity with GAAP. The independent auditor's 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 is separate from the Uniform Guidance of the Single Audit Act, which is required when an entity expends at least \$750,000 during a fiscal year. Information related to this single audit, including a schedule of expenditures of federal awards, 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 Annual Comprehensive Financial Report 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, and storm drain utilities. A general aviation airport and municipal golf course are also part of the City of Provo. Component units are legally separate entities for which the nature and significance of their relationship with the City of Provo are such that exclusion would cause the financial statements to be misleading or incomplete. Blended component units are included as part of the primary government. Accordingly, Provo City Redevelopment Agency is reported as a special revenue fund and the Provo City Storm Water Service District as an enterprise fund.

The City of Provo maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Provo Municipal Council. For the 2024 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.

OVERVIEW OF THE CITY

Provo City, located in Utah County, is known for its vibrant community and diverse economic opportunities. Here's an overview of Provo:

Geography and Demographics

Provo is situated approximately 45 miles south of Salt Lake City, along the eastern shore of Utah Lake. It is part of the Provo-Orem metropolitan area, which is one of the fastest-growing regions in the U.S.

As of the latest estimates, Provo has a population of 114,000 residents, with a youthful demographic largely due to the presence of Brigham Young University (BYU).

Economy

Provo's economy is diverse, with key sectors including:

- **Education:** Home to BYU, one of the largest private universities in the U.S., which significantly contributes to the local economy and culture.
- **Technology:** The area is part of Utah's "Silicon Slopes," hosting numerous tech startups and established companies, particularly in software and IT services.
- **Healthcare:** Provo has a growing healthcare sector, supported by institutions like Utah Valley Hospital. BYU recently announced they are opening a medical school in Provo.

Tourism and Recreation

Provo is close to natural attractions, including national parks and ski resorts, drawing visitors for outdoor activities.

Cultural and Recreational Activities

Provo offers a rich cultural scene, including art galleries, theaters, and music festivals. The city hosts events like the Provo Freedom Festival. Outdoor recreation is abundant, with access to hiking, biking, and water sports around Utah Lake and nearby mountains.

Education

In addition to BYU, Provo benefits from nearby educational institutions like Utah Valley University (UVU). These institutions provide a steady flow of educated workers and contribute to innovation and entrepreneurship in the region.

Transportation

Provo has a well-developed transportation network, including a commuter rail system (FrontRunner) connecting it to Salt Lake City and other nearby cities. The Provo Airport also offers regional flights, enhancing accessibility.

Community and Lifestyle

Provo is known for its strong sense of community and family-oriented lifestyle. The city emphasizes safety, cleanliness, and quality of life, making it attractive to families and individuals alike.

ECONOMIC CONDITION

Overall, while the U.S. economy shows resilience, it faces challenges such as inflation, labor market dynamics, and global uncertainties. Policymakers and businesses are navigating these factors as they work toward sustainable growth and stability.

Utah's economy is dynamic and robust, supported by a diverse range of industries, a strong labor market, and ongoing population growth. As the state continues to evolve, it will likely maintain its position as a leader in economic performance and innovation.

The local, state and national economy has been impacted by a slowing of the economy resulting from higher interest rates, continued high costs from high inflationary rates in recent years (have seen improvement) driven by increased costs of oil and other essential items and decreases in demand. The local (Provo-Orem) unemployment rate was 2.76% and the national average was 3.81% during the year. As the City plans for the future, we are closely monitoring the current economic environment and are being very cautious to align the commitment of City resources with the anticipated revenues for the City.

The City's total tax revenue of \$62.5M increased by \$1.5M or by 2.5 percent. Sales tax revenue of \$27.5M decreased by \$213K or .8% percent over the prior fiscal year. For the first two months of the fiscal year 2025 sales tax revenues compared to the prior year were down 3.4%. Property taxes of \$19M increased by \$1.6M or by 9.2 percent. Franchise taxes of \$12M increased by \$265K or by 2.3% percent over the prior year. Investment earnings were up \$1.2M or by 30.4% as a result of an increase in interest rates during the year. The City enterprise funds reflected an increase in charges for services due to growth, rate increases and weather conditions.

The governmental funds revenues for fiscal year ending June 30, 2024 are \$117.1M. Tax revenue made up 53% percent of the total governmental fund's revenue. Tax revenue consists of sales, property, vehicle, RAP, franchise and other taxes. Grant revenue accounts for 24% percent of the total.

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

LONG-TERM FINANCIAL PLANNING

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

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

MAJOR INITIATIVES

Provo City celebrated the grand opening of its 100-acre Epic Sports Park on Saturday, September 21. Heralded by the city as "the largest multi-purpose sports facility in Utah," the park currently features 15 competition-sized fields and several playgrounds. The Epic Sports Park is on the west side of Provo near the Airport. The City imported 250,000 tons of fill material at no cost during the fiscal year, preparing the south section for upcoming construction phases. The south section plans to include a pickleball facility and park amenities. The first Soccer tournament was held shortly after the grand opening and was a huge success.

The construction of a new Fire Station adjacent to the new City Hall will be completed in December 2024.

Construction is expected to be completed for the new wastewater treatment plant in the Spring of 2025. This has been a multi-year project and will provide many benefits to the city including more capacity, meeting federal and state guidelines for effluent that is discharged from the plant.

Construction of a new 30 million gallon per day water treatment plant is under way. As traditional water supplies continue to suffer from drought in many parts of the west, the City of Provo (Provo) is proactively embarking on major improvement projects to fortify their municipal drinking water supplies. One of these projects is the development of an Aquifer Storage and Recovery system. Historically, the majority of Provo's water demand is met through groundwater wells and springs. Over time, the aquifer water level has decreased as canals have been piped to limit infiltration, farmland has been developed resulting in less flood irrigation and infiltration, irrigation water has been moved to other areas, and drought has curtailed natural recharge. The new water treatment plant is a vital part of Aquifer Storage and Recovery System.

A new 135,260 square foot Super Target Store opened in the spring of 2024 in the Provo Towne Centre Mall. The new Store has had an immediate positive impact to the Mall and the surrounding area.

SIGNIFICANT EVENTS

Administrative Services

Information Systems

- Awarded the Visionary 2023 Digital Inclusion Trailblazer recognition for outstanding strides towards ending the digital divide by the NDIA (National Digital Inclusion Alliance). This marks four years in a row Provo has earned national recognition for improving digital opportunity in our exceptional community.
- Honored with the 2023 Utah IT Excellence Award for the Best Use of GIS. The Utah IT Excellence awards honor emerging leaders and innovative projects in government IT that enable Utah to better meet constituent expectations for services and information, improve operating efficiency, and conserve tax dollars.

Customer Service

- Completed a business license audit, resulting in 714 licenses updated and 376 renewed.
- Achieved 100% compliance with city code for all beer licenses.
- Reduced the number of billing cycles from 23 to 13, streamlining billing processing.
- Collaborated with GIS to create interactive maps for business and rental dwelling licenses.

Development Services

Economic Development

- Target completed at Provo Towne Center Mall (130,000 sf)
- American Airlines announced daily flights out of Provo beginning October 2024

- Regional Sports Complex – 21 soccer fields completed, 45 pickleball courts under construction – the first two soccer tournaments generated almost 10,000 hotel room nights
- Rivers Edge on University / Kiln (\$150M, 420 residential, 100,000 sf office/retail) – residential and commercial still under construction (Pizza Limone coming 2025)
- New retail/restaurants in downtown Provo including Mosida Market, Yummy, Los Hermanos, and The Compass art gallery
- Provo Advantage branding & marketing campaign (3 years with increasing viewership and social media content)
- Noorda College Building #1 (140,000sf)
- Micro Focus Tower renovation (125,000 sf for Rocky Mountain University)
- BYU Music Building (180,000 sf)
- #1 Best performing City 3rd year in a row
- #5 Best Run City in America
- #1 Boomtown in America
- #1 City for Worker Satisfaction

Building

- Significant projects this year has been the temple rebuild and TaxHawk office building valuation.

Planning

- Adoption of the River and Lakeshore Plan
- Adoption of Hillsides and Canyons Plan
- Adoption of the Gateways Standards
- Received funding for and began work to update the Zoning Code

Ombudsman/Property Manager

- Purchased Property for the Culinary Water Treatment Plant on north Freedom Blvd
- Vacated and Facilitated the Sale of Temple Hill Drive for the development of the Provo Temple site
- Identified a new neighborhood for MyHometown, Dixon Neighborhood.

Parking

- Body Cameras for Parking Officers: We've implemented body cameras to enhance accountability and safety for our parking enforcement team.
- License Plate Recognition (LPR) Technology: We have replaced outdated LPR systems and acquired an additional unit to better assist with parking enforcement and neighborhood permit management.
- Real-Time Dashboard: A new dashboard displaying daily statistics in real-time is now accessible from the parking office, allowing for more efficient operations and oversight.
- Cloud Migration: Our parking software has successfully migrated to the cloud, improving accessibility and functionality.
- New Parking Management Program: A comprehensive parking management program has been established along Slate Canyon Drive.

Energy

- Provo Power has reduced costs, increased productivity and worked hard with UMPA to ensure that we did not have to propose a rate increase for 2024.
- Completing Gillespie Substation 30% design, Geotech analysis, surveying, and resistance testing, equipment acquisition including switchgear.
- Completed BYU North interconnection
- Improved our Public Power celebration bringing in over 1,000 guests.
- Received a \$370,000 grant to plant street trees in underserved neighborhoods throughout Provo.
- Forestry Division successfully integrated the Park's Department tree crew into the Department.
- Gave away 200 trees for water conservation in the Spring and 200 trees for energy conservation in the fall to Provo residents.
- Provo City received it's 40th Tree City USA Award this year.
- Provo Power received it's 28th Tree Line USA award this year.
- Once again Provo Power added to the fund balance when surrounding utilities lost money and increased rates significantly.

Fire

- We Hired 9 new firefighters in budget year 24. We were awarded a safer grant for \$3.3 million dollars to hire nine new firefighters to staff a fire engine at Station 21 when it opens in the winter of 2024. Having this fire engine at station 21 will increase our ability to quickly respond to fire and medical calls in the downtown areas of Provo. We have ordered a new fire engine to put at station 21 and a replacement engine for fire station 24.
- Provo Fire has now added firefighter coverage 24 hours a day, 7 days a week at the airport. These fire fighters are trained to render medical and Airport Rescue Fire Fighting.
- Provo Fire Department sponsored the first ever Heavy Rescue School in Utah County. We were able to get 6 firefighters technical rescue certifications in High Angle Rescue, Confined Space rescue, Trench Rescue, Heavy Extrication, and Hazmat Technician. We also had a number of Firefighters attend the FEMA Structural Collapse class. This has taken several years in the past to get firefighters trained in all these disciplines. It also gets our people trained so they can deploy with Taskforce 1 as a federal resource.

Human Resources

- Implemented various compensation adjustments to remain competitive in the market.
 - ◊ Pay grade study
 - ◊ 4% COLA
 - ◊ Enhanced career series for firefighters
- Completed first full performance appraisal cycle in Workday, eliminating a third-party HR system.
- Oversaw multiple executive recruitments without using external consultants, saving approximately \$80,000 in fees.
- Jointly negotiated with Finance for a 4.6% renewal on employee health plans.

Library

- Added new “things” to our collection
 - ◊ Neighborhood Art Center Family Pass
 - ◊ Nature Kits (provided by the Hogle Zoo)
- Author Jason Chin attended our Children’s Book Festival
- Successful Homeschool Fair
- Major Wi-Fi Network Upgrade (UETN Grant)
- Established monthly visits to every Title 1 preschool in Provo

Parks and Recreation

Covey Center for the Arts

- RAP Funded Improvements: The Recreation, Arts, and Parks (RAP) tax funded significant enhancements at the Covey Center for the Arts, including new lightboards in the Main Hall and Brinton Black Box Theatre for improved performance lighting. Aging HVAC boilers were replaced, boosting climate control and energy efficiency. Upgrades to wireless headsets streamlined crew communications, while exterior hardscape improvements enhanced the facility’s aesthetics. Additionally, outdated house lighting systems were replaced, creating a more modern and inviting atmosphere for audiences and performers.
- Facility Rentals: The Covey Center had a record-breaking year in rentals, serving as a key venue for community partners, arts organizations, and non-profits in Utah County. This surge underscores the center's role as a cultural hub, fostering collaboration and supporting the local arts community.
- Productions: The Covey Center hosted 34 productions in the Main Hall and Black Box Theatre, featuring sold-out performances by artists like Ned LeDoux, Three Dog Night, and iLuminate. Additionally, the center offered 12 free concerts in partnership with Excellence in the Community, which have become increasingly popular and consistently sell out, reinforcing the Covey Center's role as a cultural cornerstone in the community.

Provo Parks and Trails

- Slate Canyon Bike Park: Reconstruction and improvements to enhance rider experience and park safety.
- Rock Canyon & Bonneville Shoreline Trails: Added new trail loops and connections, improving accessibility and recreational options for trail users.
- 300 South Landscaping: Completed landscape upgrades, adding visual appeal and environmental benefits to the area.
- Weather Stations: Installed four weather stations across the city to enhance snow response times, allowing for quicker and more efficient snow removal during winter weather.
- Solar-Powered Trash Receptacle: Purchased and installed a solar-powered compacting trash receptacle on Center Street, which not only compacts waste but also sends alerts when it needs to be emptied. We are currently evaluating which automated receptacles would be ideal for replacing all trash collection along the Center Street corridor.
- Trail Lighting at Rock Canyon Park: Installed new lighting along the trails, improving safety and usability for park visitors after dark.
- South State Planters: Successfully replanted all planters along South State, enhancing the aesthetic appeal and overall atmosphere of the area.
- Provo River Trail Enhancements: Upgraded the trail at 2230 N with a new underpass, bridge replacement, and 1.9 miles of widened asphalt to improve safety and accessibility.

- **Quail Orchard Park Opening:** Launched this new 5-acre park, featuring three playgrounds, a large pavilion, three smaller pavilions, four pickleball courts, four public restrooms, and illuminated pathways.

Provo Recreation Center

- **Increased Facility Rental Income:** The revenue goal for facility rentals in FY24 was set at \$130,000, a target that was exceeded by nearly 50%, resulting in approximately \$200,000 in rental income. This success was made possible through extensive networking with various groups and organizations, creating opportunities to host a diverse range of events at the recreation center.
- **Facility Maintenance Strategies:** Maintenance technicians prioritize projects to minimize costs and control contractor fees. A recent repair of the indoor activity pool and lazy river involved a complex disassembly of the pool play equipment and superstructure. Unfortunately, relying on contractors would have kept the pool closed for several weeks. Instead, recreation center staff successfully removed, repaired, and reinstalled the play structure and waterslides in-house, allowing the facility to reopen quickly and saving approximately \$75,000. Additionally, technicians achieved a similar efficiency by identifying a new water heater that saved \$35,000, further enhancing the center's operational effectiveness.

Peaks Ice Arena

- **Financial Self-Sufficiency:** In alignment with the Mayor's commitment to economic vibrancy, the Peaks Ice Arena remains financially self-sufficient in FY24 by meeting revenue goals and maintaining spending within budget. Through efficient operational management and strategic programming, the arena generated enough revenue to support its operations, demonstrating a sustainable model that underscores fiscal responsibility and reinforces its role as a valuable community asset without reliance on external funding.
- **Olympic Legacy Visit:** As part of Salt Lake City's bid to host the 2034 Olympic Winter Games, Peaks Ice Arena hosted a visit from the International Olympic Selection Committee, showcasing the arena's commitment to excellence and readiness to support world-class events. The visit reinforced The Peaks Ice Arena's status as a premier facility capable of meeting Olympic standards.

Timpanogos Golf Club

- **Self-Sustaining Operations:** The Timpanogos Golf Club stands as a model of financial sustainability, covering all operational costs entirely through its own revenue streams. By carefully balancing operating expenses with strategic pricing, enhanced programming, and community engagement, Timpanogos generates enough revenue to fully support its ongoing maintenance and staffing needs.
- **Food Service Remodel:** Timpanogos Golf Club has successfully increased food and beverage revenue while reducing operating costs through a targeted kitchen remodel. The redesigned kitchen layout has streamlined workflows, improved equipment placement, and enhanced staff productivity, resulting in faster service and reduced waste. This boost in efficiency has lowered overhead expenses, ultimately driving profitability and creating a more enjoyable experience for visitors.

Cemetery

- Collaborated with the Provo Veterans Council and America's Freedom Festival to host the annual Veterans Ceremony on Memorial Day, welcoming thousands of visitors and honoring those who have served our country.
- Initiated an effort to review old documents, including thousands of historic handwritten notes on old paper maps, to update the cemetery's GIS map. Future updates will now be conducted digitally, with a paper backup to ensure accuracy and preservation.

Sports and Athletic Fields

- **Exceptional People:** Provo Parks & Recreation collaborated with over 500 volunteer sports coaches this year. Among them, Danny Jacobsen, a dedicated youth soccer and basketball coach, was honored as the Volunteer of the Year by the Central Utah Recreation & Parks Association.
- **Excellence in Program Communication:** By prioritizing communication with parents through in-person meetings, targeted program marketing, and engaging social media campaigns, Provo Parks & Recreation has successfully fostered community engagement and trust. In FY24, this approach resulted in a remarkable 45% increase in followers on the @ProvoCitySports Instagram page.
- **Improved Spectator Sportsmanship:** The implementation of the new "Good Sports Utah" pledge has promoted sportsmanship within the leagues. This initiative has been effective, as coaches and spectators have begun to self-regulate their behavior, resulting in fewer incidents requiring intervention from program coordinators.

Police

Support Services

- We have made great strides in Officer development and resource utilization. Our Field Training Officer (FTO) program successfully trained 20 officers, equipping them with the skills necessary to serve our community. We expanded our training opportunities, hosting additional training sessions that provided our officers with free or reduced-cost access to essential professional development. This year, we also implemented the Flock system, a powerful tool that has improved our investigative capabilities and enhanced community safety.
- Consistently operates within the constraints of the police budget, demonstrating careful fiscal management and resource allocation year after year. To further supplement the budget, we actively pursue and manage a wide range of grants. These efforts allow us to secure additional funding that directly benefits our operations and supports key initiatives. A notable highlight from FY24 was the successful application and approval of the Provo Police Fleet Grant, a significant \$2 million award that will be received in FY25. This grant will provide critical resources for updating and maintaining our vehicle fleet, ensuring that our officers are equipped with reliable transportation.

Airport Team

- Over the last year we have had approximately 6,100 total flights come through the airport carrying approximately 700,000 passengers. That is an increase of approximately 1,600 flights and 200,000 passengers.
- We have built a trusted and respected Airport Team. We have continued building our partnership with the Airport, TSA and the Airlines. We have made the Provo Airport a safe place for our citizens. We are the ambassadors for the City of Provo, and we have made Provo Airport a place that the city, the Police Department and the Citizens can be proud of.

School Resource Officers

- The SRO team has been working on several specific areas of concern that include gangs and graffiti. Over the summer of 2024, SRO's used bicycles, motorcycles and foot patrols to locate, identify and clean up graffiti all over the city. They coordinated with city and county officials to take a major proactive approach to this ongoing problem.

Administration

- One of the most significant accomplishments this year was securing a guilty verdict in the case against Matt Hoover, who tragically took the life of Master Officer Joseph Shinnars in the line of duty over five years ago. This verdict is not only a crucial step toward justice for Officer Shinnars and his family, but it also serves as a reminder of the sacrifices made by our officers to protect and serve. The perseverance and meticulous work of our department throughout this long and difficult case have been a testament to our commitment to upholding the law and honoring those who have served with bravery.

Public Works

Engineering

- Built and paved 1.15 miles of roadway at the Epic Sports Park, and 2.3 miles of curb and gutter.
- Installed 3175 feet of new sidewalk and replaced 4570 feet of sidewalk.
- Installed 25 Pedestrian ramps throughout the city.
- Installed 3 new signals, two on Lakeview Pkwy and one on 820 North.
- Overlaid 1.8 miles of roadway, which included West Center St and North Timpview Dr.
- Surveyed and staked all the roads, curb/gutter, parking lots, and property boundary on the new Epic Sports Park.
- Coordinated with UDOT for the resurfacing of SR-114 (Center Street) from I-15 to 500 West.

Water

- Construction of the Reclamation Plant is proceeding on schedule. Start-up Spring 2025
- Construction of Drinking Water Plant is proceeding on schedule, foundation stabilization is on schedule.
- 2 new PRV (Pressure reducing valves) installed.
- 24" transmission line installed from Rock Canyon Temple to Rock Canyon Chlorinator.

Airport

- Reached 1 million passengers through the terminal
- American Airlines Announced service to Dallas and Phoenix
- Expanded overflow parking in the long-term parking lot to accommodate 1,500 vehicles
- Moved to Airport Rescue and Firefighting (ARFF) Index C and procured (2) used ARFF trucks to meet vehicle requirements
- Completed surcharge for future commercial ramp expansion
- Added a third TSA lane at the terminal
- Updated long-term parking system to include license plate reader technology
- Implemented Common Use Passenger Processing System (CUPPS) at the ticket counters and gates
- Installed solar powered ramp lighting for no-taxi island and deice service road
- Successfully funded all Public Safety services at the airport

Public Services

- Completion of the Franklin Storm Drain Improvement Project consisting of 54-inch pipe bore under the UTA and UPRR railroad tracks at 700 W, installed 3,500 feet of new stormwater pipe along 600 South and 1100 West, and installed new concrete sidewalk along 1100 West to the Shoreline Middle School
- Installed 3,000 ft of concrete stormwater piping and roadway for new Snow Removal Equipment building within the airport
- Completion of the state-of-the-art South Utah Valley Solid Waste District Dry Creek Transfer Station to better serve the residents and Provo City
- Completion of a new 16,000 sq. ft large covered storage and parking area for large equipment
- Completion of Illicit Discharge Detection and Elimination (IDDE) training for all Public Works, Fire, Power, Police and Parks Departments

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. 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 Annual Comprehensive Financial Report, with contents conforming to program standards. As such, the Annual Comprehensive Financial Report 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 many 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 Annual Comprehensive 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

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Provo
Utah**

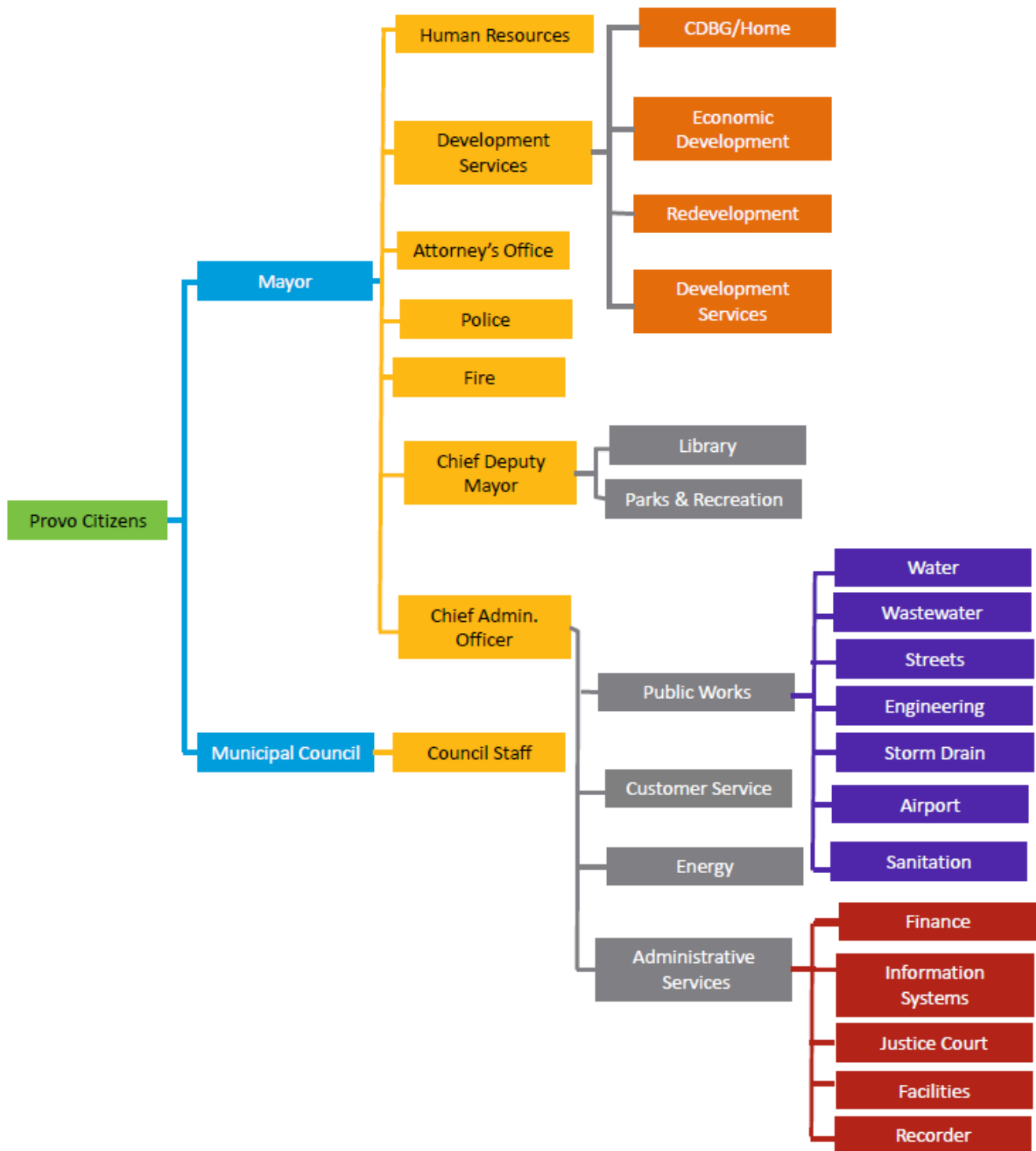
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Provo City Organizational Chart



Elected and Staff Positions



Left to right: Gary Garrett, George Handley, Becky Bogdin, Katrice MacKay, Mayor Michelle Kaufusi, Rachel Whipple, Craig Christensen, Travis Hoban.

City Administration

Mayor.....	Michelle Kaufusi
Deputy Mayor	Isaac Paxman
Chief Administrative Officer	Scott Henderson
Human Resources	Daniel Softley
Administrative Services.....	John Borget
City Attorney	Brian Jones
Customer Service	Amanda Ercanbrack
Development Services.....	Bill Peperone
Energy	Scott Bunker
Fire Chief	Jeremy Headman
Library Services	Carla Gordon
Parks and Recreation	Doug Robins
Police Chief.....	Troy Beebe
Public Works	Gordan Haight

City Council

District 1: Craig Christensen
Present Term: Jan. 2024–Jan. 2028
District 2: George Handley
Present Term: Jan. 2022–Jan. 2026
District 3: Becky Bogdin
Present Term: Jan. 2024–Jan. 2028
District 4: Travis Hoban
Present Term: Jan. 2024–Jan. 2028
District 5: Rachel Whipple (Vice-Chair)
Present Term: Jan. 2022–Jan. 2026
Citywide I: Katrice Mackay (Chair)
Present Term: Jan. 2022–Jan. 2026



COMMITTED. EXPERIENCED. TRUSTED.

INDEPENDENT AUDITOR'S REPORT

PARTNERS

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA
JANICE ANDERSON, EA
TROY F. NILSON, CPA

Honorable Mayor and Members of the City Council
Provo City Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Provo City Corporation (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison information are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HBMC, LLC

November 25, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Provo City (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, 2024. The Management’s Discussion and Analysis (MD&A) is designed to provide an overview of the City’s financial activity. It is also intended to assist the reader in focusing on significant financial issues including identifying changes in the City’s financial position (its ability to address the next and subsequent years’ challenges), identifying any material deviations from the approved budget, and identifying individual fund issues or concerns. Please read the MD&A in conjunction with the Transmittal Letter and the City’s financial statements.

HIGHLIGHTS

Financial Highlights

The City’s net position increased by \$76,507,643. The governmental net position increased by \$24,440,007 and the business-type net position increased by \$52,067,636.

At the close of the current fiscal year, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$989,418,749. Of this amount, \$166,445,736 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City’s governmental funds (reflected on a current financial resource basis) reported combined ending fund balances of \$102,336,693, a decrease of \$3,708,336 in comparison with the prior year. The decrease is primarily the result of increased spending in the general CIP fund on various CIP projects.

The General Fund (the primary operating fund), also reflected on a current financial resource basis, reported an increase of \$2,199,056 in fund balance. This increase is primarily the result of proceeds from land sales.

At the end of the current fiscal year, assigned and unassigned fund balance for the general fund was \$30,714,290 (or approx. 32 percent) of 2024 general fund revenues and transfers.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

The **statement of net position** presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements are divided into two categories: *governmental activities* and *business-type activities*. Most of the basic services of the City are included in the *governmental activities*. This category includes services such as the police, fire, streets, parks divisions and general administration. Sales and use taxes, property taxes, and state and federal grants finance most of these activities. The *business-type activities* are similar to private sector-type operations where the City charges fees to customers to cover all or most of the cost of the services provided. These services include the City's water, 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 funds of the City can be divided into two categories: *governmental funds* and *proprietary funds*.

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

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46-101 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 107-126 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position

By far the largest portion of the City’s net position (80.9 percent) reflects its investment in capital assets (e.g., infrastructure, land, building, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The net position section shows the amount the City has invested in capital assets, less any related outstanding debt used to acquire those assets. It should be noted that since the capital assets themselves cannot be used to liquidate these liabilities, the resources needed to repay this debt must be provided from other sources.

Table 1 - Net Position

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 154,435,289	\$ 153,667,214	\$ 68,350,131	\$ 95,653,015	\$ 222,785,420	\$ 249,320,229
Capital assets	455,587,926	436,948,557	563,742,627	488,573,971	1,019,330,553	925,522,528
Other assets	27,144,938	24,908,844	12,095,862	16,090,669	39,240,800	40,999,513
Total assets	637,168,153	615,524,615	644,188,620	600,317,655	1,281,356,773	1,215,842,270
Deferred outflows of resources	16,544,533	12,532,769	3,162,931	2,285,416	19,707,464	14,818,185
Current liabilities	37,189,607	30,286,741	25,027,734	24,645,556	62,217,341	54,932,297
Long-term liabilities	114,187,182	119,620,227	116,074,557	123,605,379	230,261,739	243,225,606
Total liabilities	151,376,789	149,906,968	141,102,291	148,250,935	292,479,080	298,157,903
Deferred inflows of resources	18,831,958	19,086,484	334,450	504,962	19,166,408	19,591,446
Net position:						
Net investment in capital assets:						
Restricted	360,436,466	336,739,790	439,778,560	346,480,079	800,215,026	683,219,869
Unrestricted	18,573,224	12,331,794	4,184,763	24,515,405	22,757,987	36,847,199
Total Net Position	\$ 483,503,939	\$ 459,063,932	\$ 505,914,810	\$ 453,847,174	\$ 989,418,749	\$ 912,911,106

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

Changes in Net Position

Governmental Activities

As shown below in Table 2 – Changes in Net Position for governmental activities increased the City’s net position by \$24,440,007.

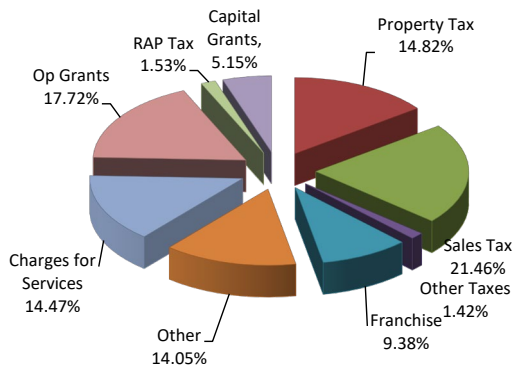
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. The amount that the capital outlays exceeded depreciation in fiscal year 2024 is \$13,837,000.

Table 2 - Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 18,568,706	\$ 17,773,877	\$ 142,963,711	\$ 140,238,854	\$ 161,532,417	\$ 158,012,731
Operating grants and contributions	22,747,947	11,575,929	603,327	514,818	23,351,274	12,090,747
Capital grants and contributions	6,615,842	5,480,987	34,941,759	4,148,301	41,557,601	9,629,288
General revenues:						
Property taxes	19,017,910	17,401,817	134,909	135,326	19,152,819	17,537,143
Other taxes	43,372,117	43,817,568	-	-	43,372,117	43,817,568
Other	18,042,243	7,225,621	7,000,526	7,451,286	25,042,769	14,676,907
Total revenues	128,364,765	103,275,799	185,644,232	152,488,585	314,008,997	255,764,384
Expenses:						
General government	25,946,773	13,862,704			25,946,773	13,862,704
Public safety	51,286,696	45,771,408			51,286,696	45,771,408
Public services	6,979,124	6,182,502			6,979,124	6,182,502
Community revitalization	7,082,019	7,145,411			7,082,019	7,145,411
Culture and recreation	24,105,664	22,391,173			24,105,664	22,391,173
Interest on long-term debt	2,960,550	3,472,038			2,960,550	3,472,038
Golf course			2,443,956	2,252,851	2,443,956	2,252,851
Water			11,745,909	11,265,617	11,745,909	11,265,617
Wastewater			9,323,570	8,546,161	9,323,570	8,546,161
Energy			69,434,797	65,209,993	69,434,797	65,209,993
Airport			12,387,976	6,029,868	12,387,976	6,029,868
Utility Transportation			1,716,354	2,696,526	1,716,354	2,696,526
Sanitation			6,005,566	5,148,978	6,005,566	5,148,978
Storm drain			3,757,356	2,478,610	3,757,356	2,478,610
Ice Sheet			2,325,044	2,389,841	2,325,044	2,389,841
Total expenses	118,360,826	98,825,236	119,140,528	106,018,445	237,501,354	204,843,681
Increase in net position before transfers	10,003,939	4,450,563	66,503,704	46,470,140	76,507,643	50,920,703
Transfers	14,436,068	(8,020,601)	(14,436,068)	8,020,601	-	-
Change in net position	24,440,007	(3,570,038)	52,067,636	54,490,741	76,507,643	50,920,703
Net Position:						
Net position beginning	459,063,932	462,633,970	453,847,174	399,356,433	912,911,106	861,990,403
Net position ending	\$ 483,503,939	\$ 459,063,932	\$ 505,914,810	\$ 453,847,174	\$ 989,418,749	\$ 912,911,106

Sales and use taxes, which decreased from the prior year, are normally the single greatest source of revenue for the City representing 21.46 percent of the City’s revenues for governmental activities.

Revenues by Source - Governmental Activities



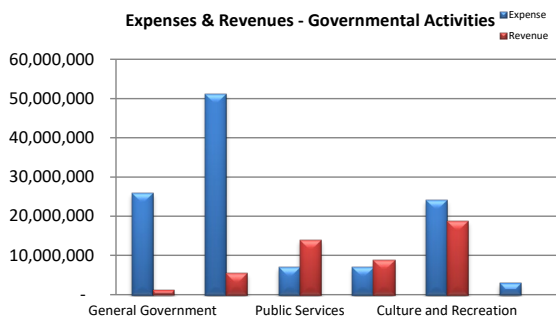
Another 14.82 percent of the City’s revenue was derived from property taxes.

From the prior fiscal year, the revenue from sales, property and other taxes decreased \$1,170,642 or 1.88 percent. The decrease is the result of lower sales and use tax revenue, lower Recreation Arts and Park (RAP) tax revenue and lower vehicle tax revenue.

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

The Public Services category includes Road Projects, Engineering and Streets. The Public Safety category includes Police, Fire, and Emergency Response. The Community Revitalization category includes all fund expenses in the Commercial Rehabilitation, Rental Rehabilitation,

Community Development Block Grant, Housing Rehabilitation, Tax Increment, Housing Consortium, and the Provo Business Development Fund.



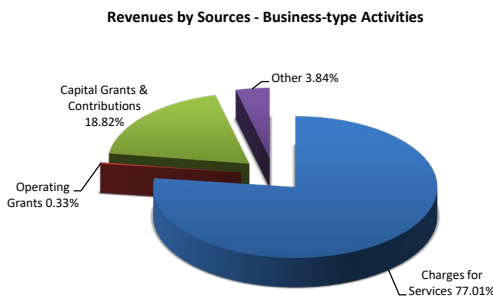
As reported on the statement of activities in the government-wide statements, net cost of services provided by governmental activities totaled \$70,428,331. Public Safety, which includes fire and police, reports program expenses of \$51,286,696; while program revenues were \$5,403,841. The result is a net cost of services for Public Safety totaling \$45,882,855, a 13 percent increase from the prior year.

The expenses from Public Safety are 43 percent of the total expenses for governmental activities.

Net transfers from the business-type activities to the governmental activities totaled \$14,436,068.

Business-type Activities

Business-type activities increased the City’s net position by \$52,067,636. The primary elements of this change are as follows.



For the business-type activities, program and general revenues were \$66,503,704 greater than expenses (before transfers) and net transfers out of \$14,436,068 resulted in the total increase in net position of \$52,067,636.

For business-type activities, 77.01 percent of the revenue came from charges for services.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$102,336,693; a decrease of \$3,708,336 from the prior year because of increased spending in the general CIP fund. The General Fund’s portion of the total fund balance is \$40,320,611; an increase of \$2,199,056 mostly related to the proceeds from land sales during the year. The General CIP Fund’s portion of the total balance is \$5,805,846: a decrease of \$3,711,182 which is restricted for various construction projects. Other nonmajor funds and Debt Service comprise the remainder of the total fund balance in the amount of \$45,361,349 and \$10,848,887 respectively which is restricted, assigned or non-spendable.

The amounts that are unassigned represent funds not designated for a specific purpose. The remainder of fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending. These

amounts represent funds that are already committed to liquidate contracts and purchase orders of the prior period, pay debt, or a variety of other restricted purposes. See governmental fund detail beginning on page 36 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 41 of this report. The internal service funds primarily benefit the governmental funds. Therefore, the internal service funds revenues that exceed expenses are eliminated in the government-wide statements. The activity of the internal service funds is grouped with the governmental funds on the government wide statements.

The City’s Energy Department generates 42.4 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, 2024, and 2023 amounts to \$1,019,330,553 and \$925,522,528, 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, subscription assets, right-of-use assets, and construction in progress.

Table 3 - Capital Assets

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 180,570,926	\$ 180,245,429	\$ 56,033,109	\$ 56,033,109	\$ 236,604,035	\$ 236,278,538
Water stock	-	-	2,420,927	2,420,927	2,420,927	2,420,927
Machinery and equipment	20,759,730	16,878,621	6,190,778	6,383,095	26,950,508	23,261,716
Right of use assets	-	-	273,208	364,278	273,208	364,278
Library collection	142,444	264,738	-	-	142,444	264,738
Buildings	121,195,912	121,905,344	74,963,403	76,623,343	196,159,315	198,528,687
Land improvements	26,999,819	9,712,215	62,698,959	53,723,878	89,698,778	63,436,093
Infrastructure	96,567,850	93,223,255	193,230,938	161,393,541	289,798,788	254,616,796
Subscription Asset	301,187	602,374	-	-	301,187	602,374
Construction in progress	9,050,058	14,116,581	167,931,305	131,631,800	176,981,363	145,748,381
Total	\$ 455,587,926	\$ 436,948,557	\$ 563,742,627	\$ 488,573,971	\$ 1,019,330,553	\$ 925,522,528

The total increase in the City’s investment in capital assets for the current fiscal year was \$93,808,025 (net of accumulated depreciation). The capital assets in governmental activities increased \$18,639,369 (net of accumulated depreciation). The capital assets in business-type activities increased \$75,168,656 (net of accumulated depreciation). The increase in total assets in governmental activities is primarily the result of buildings related to City Hall and road projects. The increase in business-type activities capital assets is primarily the result of the new Provo Municipal Airport Terminal being placed in service.

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 2024 fiscal year, the City had long-term debt (Table 4) totaling \$212,883,170. The bonded debt outstanding was \$193,086,456. Of this amount, \$79,634,146 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 \$113,452,310, represents bonds secured solely by specified revenue sources, i.e., revenue bonds.

Long-term debt also includes leases in the amount of \$1,659,305; accrued compensated absences of \$7,891,865; net OPEB payable of \$3,408,058; subscription-based information technology arrangements payable of \$312,753, and net pension liability of \$17,378,570.

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 \$641,282,720, which is significantly more than the City's outstanding general obligation debt of \$79,634,146, leaving a legal debt margin of \$561,648,574. (See detailed information in Statistical Section-Legal Debt Margin). More detailed information regarding long-term debt can be found in Note 8.

Table 4 - Long-term debt

	Totals	
	2024	2023
Governmental:		
General Obligation Bonds	\$ 79,634,146	\$ 84,682,516
Revenue Bonds	7,307,937	10,154,906
Notes Payable	1,295,000	1,679,000
Leases	1,269,420	1,852,935
Accrued Compensated Absences	5,901,557	5,438,367
Net OPEB Payable	2,550,972	2,875,748
Net Pension Liability	15,915,396	12,323,278
SBITA	312,753	613,477
Busine Total governmental	114,187,181	119,620,227
Revenue Bonds	106,144,373	109,166,948
Note payable	5,229,733	10,149,553
Leases	389,885	581,503
Accrued Compensated Absences	1,990,308	1,868,422
Net Pension Liability	1,463,174	975,174
Net OPEB Payable	857,086	863,779
Total Total Business-type	116,074,559	123,605,379
	\$ 230,261,740	\$ 243,225,606

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

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

Budget Appropriations

My Hometown initiative	\$ 28,000
Roads and related utility improvements within the regional sports park	3,659,000
Covey Center payroll costs not included in FY24 budget	60,000
Seasonal employees for Regional Sports Park	38,400
Water charges for Regional Sports Park	38,000
Stormwater charges for Regional Sports Park	5,000
Sales tax reimbursement for Shops at the Riverwoods	41,979
Sales tax increment reimbursement for Parkway Village	84,794
Sales tax increment reimbursement for East Bay	59,113
Mid-Year firefighter market adjustment	119,000
Interfund Loan Payment from Airport to Energy	665,325
License plate readers	90,658
Fee study for business licenses and rental dwelling licenses	20,000
Zoning Rewrite	200,000
Personnel costs for Slate Canyon parking enforcement	14,981
Signage along Slate Canyon Drive	12,600
Uniforms & equipment for Slate Canyon parking enforcement	819
Public Safety Chargeback (Airport)	666,312
Airport Badging Office	477,028
Fire costs at Airport	368,145
Police costs at Airport	204,297
Maintenance costs for City Hall and pedestrian bridge	87,034
Wayfinding, based on scooter revenue received	67,365
Golf concession expenses	15,000
Golf payroll expenses	78,000
Golf range tractor	29,047
Golf irrigation pump replacement	25,000
	<u>\$ 7,154,897</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

When preparing the City's budget for the 2025 fiscal year, there were several economic factors and trends taken into consideration. The state and local economy has been adversely impacted as a result of the higher interest rate environment and generally higher inflation. Higher inflation has impacted the cost of fuel, food, energy and most goods and services and has consequently reduced demand in many cases. The local (Provo-Orem) unemployment rate was 2.76 percent and remains lower than the national average of 3.81 percent. Parks and Recreation and the Justice Court are both operating at full capacity. For fiscal 2024, sales tax revenues decreased by 0.8 percent when compared to the prior fiscal year. These and other factors were considered in the City's budget for the 2024-2025 fiscal year. As of the date of this report, fiscal 2025 sales tax revenues have been down 3.4 percent on a year over year basis. As the City plans for the future, we are closely monitoring the current economic environment and are being very cautious to align the commitment of city resources with the anticipated revenues for the City.

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 requests for additional financial information should be addressed to the Provo City Finance Office, attention Division Director – Finance, 445 West Center Street, Provo, Utah, 84601.

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PROVO CITY CORPORATION
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 67,004,281	\$ 31,140,289	\$ 98,144,570
Restricted cash	49,448,532	4,184,763	53,633,295
Accounts receivable	39,904,832	25,512,626	65,417,458
Inventories	560,927	5,029,170	5,590,097
Internal balances	(2,483,283)	2,483,283	-
Noncurrent assets:			
Notes and loans receivable	17,278,525	-	17,278,525
Net pension asset	8,254,686	-	8,254,686
Capital assets not being depreciated	189,620,984	226,385,341	416,006,325
Capital assets, net of accumulated depreciation/amortization	265,966,942	337,357,286	603,324,228
Investment in joint ventures	-	12,095,862	12,095,862
Other	1,611,727	-	1,611,727
Total Assets	637,168,153	644,188,620	1,281,356,773
Deferred Outflows of Resources			
Pension related	14,673,461	2,954,367	17,627,828
OPEB related	620,756	208,564	829,320
Deferred charge on refunding	1,250,316	-	1,250,316
Total Deferred Outflows of Resources	16,544,533	3,162,931	19,707,464
Liabilities			
Accounts payable	13,839,478	14,286,708	28,126,186
Accrued liabilities	10,970,062	8,167,655	19,137,717
Accrued interest payable	1,478,053	770,688	2,248,741
Customer deposits	10,902,014	1,802,683	12,704,697
Noncurrent liabilities due within one year:			
Accrued compensated absences	1,770,467	597,091	2,367,558
Bonds, loans and leases payable	8,500,634	4,486,347	12,986,981
Noncurrent liabilities due in more than one year:			
Accrued compensated absences	4,131,090	1,393,215	5,524,305
Net OPEB payable	2,550,972	857,086	3,408,058
Net pension liability	15,915,396	1,463,174	17,378,570
Bonds, loans and leases payable	81,318,623	107,277,644	188,596,267
Total Liabilities	151,376,789	141,102,291	292,479,080
Deferred Inflows of Resources			
Pension related	386,095	77,735	463,830
OPEB related	764,071	256,715	1,020,786
Unavailable property tax revenue	17,681,792	-	17,681,792
Total Deferred Inflows of Resources	18,831,958	334,450	19,166,408
Net Position			
Net investment in capital assets	360,436,466	439,778,560	800,215,026
Restricted for:			
Debt service	1,921,132	2,269,923	4,191,055
Capital projects	8,397,406	1,914,840	10,312,246
Pensions	8,254,686	-	8,254,686
Unrestricted	104,494,249	61,951,487	166,445,736
Total Net Position	\$ 483,503,939	\$ 505,914,810	\$ 989,418,749

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

PROVO CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 25,946,773	\$ 1,099,574	\$ 83,507	\$ -	\$ (24,763,692)	\$ -	\$ (24,763,692)
Public safety	51,286,696	4,430,546	720,944	252,351	(45,882,855)	-	(45,882,855)
Public services	6,979,124	2,958,071	8,699,621	2,203,201	6,881,769	-	6,881,769
Culture and recreation	24,105,664	7,931,902	10,006,148	736,355	(5,431,259)	-	(5,431,259)
Community revitalization	7,082,019	2,148,613	3,237,727	3,423,935	1,728,256	-	1,728,256
Interest on long-term debt	2,960,550	-	-	-	(2,960,550)	-	(2,960,550)
Total governmental activities	<u>118,360,826</u>	<u>18,568,706</u>	<u>22,747,947</u>	<u>6,615,842</u>	<u>(70,428,331)</u>	<u>-</u>	<u>(70,428,331)</u>
Business-type activities:							
Golf course	2,443,956	1,982,133	-	-	-	(461,823)	(461,823)
Water	11,745,909	17,035,615	-	1,422,434	-	6,712,140	6,712,140
Waste water	9,323,570	25,497,802	-	1,051,729	-	17,225,961	17,225,961
Energy	69,434,797	75,021,509	-	808,387	-	6,395,099	6,395,099
Airport	12,387,976	5,948,436	553,327	31,350,500	-	25,464,287	25,464,287
Utility transportation	1,716,354	2,343,920	-	-	-	627,566	627,566
Sanitation	6,005,566	7,094,603	-	-	-	1,089,037	1,089,037
Storm drain	3,757,356	5,958,079	-	308,709	-	2,509,432	2,509,432
Ice Sheet	2,325,044	2,081,614	50,000	-	-	(193,430)	(193,430)
Total business-type activities	<u>119,140,528</u>	<u>142,963,711</u>	<u>603,327</u>	<u>34,941,759</u>	<u>-</u>	<u>59,368,269</u>	<u>59,368,269</u>
Total primary government	<u>\$ 237,501,354</u>	<u>\$ 161,532,417</u>	<u>\$ 23,351,274</u>	<u>\$ 41,557,601</u>	<u>(70,428,331)</u>	<u>59,368,269</u>	<u>(11,060,062)</u>
General revenues and transfers:							
General revenues:							
Property taxes					19,017,910	134,909	19,152,819
Vehicle taxes					730,969	-	730,969
Sales taxes					27,552,358	-	27,552,358
Franchise taxes					12,038,245	-	12,038,245
RAP taxes					1,963,326	-	1,963,326
Other taxes					1,087,219	-	1,087,219
Investment earnings					6,167,642	433,290	6,600,932
Gain on sale of capital assets					9,474,304	-	9,474,304
Miscellaneous					2,400,297	6,567,236	8,967,533
Transfers					14,436,068	(14,436,068)	-
Total general revenues and transfers					<u>94,868,338</u>	<u>(7,300,633)</u>	<u>87,567,705</u>
Change in net position					24,440,007	52,067,636	76,507,643
Net position-beginning					459,063,932	453,847,174	912,911,106
Net position-ending					<u>\$ 483,503,939</u>	<u>\$ 505,914,810</u>	<u>\$ 989,418,749</u>

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

PROVO CITY CORPORATION
Balance Sheet – Governmental Funds
June 30, 2024

	General	Debt Service	General CIP	Total Nonmajor Funds	Total Governmental Funds
Assets:					
Cash	\$ 21,116,339	\$ 9,129,915	\$ -	\$ 13,287,635	\$ 43,533,889
Restricted cash	27,393,717	1,921,132	6,977,376	13,156,307	49,448,532
Accounts receivable	13,639,281	7,947,354	-	18,315,411	39,902,046
Inventory	138,622	-	-	-	138,622
Notes and loans receivable	186,326	-	-	17,991,791	18,178,117
Interfund loan receivable	2,029,396	-	-	326,571	2,355,967
Other	11,836	-	-	1,599,891	1,611,727
Total assets	\$ 64,515,517	\$ 18,998,401	\$ 6,977,376	\$ 64,677,606	\$ 155,168,900
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities					
Accounts payable	\$ 4,344,966	\$ -	\$ 1,171,530	\$ 6,203,553	\$ 11,720,049
Accrued liabilities	1,938,249	5	-	86,164	2,024,418
Customer deposits	10,902,014	-	-	-	10,902,014
Interfund loan payable	-	458,803	-	8,601,774	9,060,577
Total liabilities	17,185,229	458,808	1,171,530	14,891,491	33,707,058
Deferred Inflows of Resources					
Unavailable property tax revenue	5,608,157	7,690,706	-	4,382,929	17,681,792
Unavailable revenue	1,215,193	-	-	41,837	1,257,030
Deferred revenue-loans receivable	186,327	-	-	-	186,327
Total Deferred Inflows of Resources	7,009,677	7,690,706	-	4,424,766	19,125,149
Fund balances					
Nonspendable	2,179,854	-	-	1,599,891	3,779,745
Restricted	7,426,467	10,848,887	5,805,846	41,610,104	65,691,304
Assigned	6,197,357	-	-	2,151,354	8,348,711
Unassigned	24,516,933	-	-	-	24,516,933
Total fund balances	40,320,611	10,848,887	5,805,846	45,361,349	102,336,693
Total liabilities, deferred inflows of resources and fund balances	\$ 64,515,517	\$ 18,998,401	\$ 6,977,376	\$ 64,677,606	\$ 155,168,900

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

PROVO CITY CORPORATION
Reconciliation to the Balance Sheet – Governmental Funds
To the Statement of Net Position
June 30, 2024

Total fund balances - governmental funds	\$102,336,693
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets \$681,270,793, net of accumulated depreciation and amortization of \$243,898,996, used in governmental activities are not financial resources and are not reported in the fund statements.	437,371,797
Deferred loss on refunding not available for current period expenditures and is therefore deferred in the funds balance sheet.	1,250,316
An allowance for doubtful accounts is recorded on the entity-wide statements and not reported on the fund statements.	(899,591)
Net pension assets and liabilities are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	6,355,917
Accrued interest is recorded in the entity-wide statements but not reported in the fund statements.	(1,469,852)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, maintenance, vehicles and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	29,663,505
The proprietary funds cumulative allocation of the internal service funds net income based on use of service are included in the entitywide statements.	4,221,327
Deferred revenue was reported in the funds to offset certain loan receivables. In the governmental activities, no expense or revenue is recorded when a loan is made or paid off leaving no deferred revenue liability associated with the loan receivable.	1,440,956
Accrued compensated absences are not due and payable in the current period and are not reported in the funds.	(5,697,197)
Net OPEB is reported in the governmental activities and not in the fund statements.	(2,522,881)
Long-term liabilities, including bonds payable are not due and payable in the current period and are not reported in the funds.	<u>(88,549,837)</u>
Net position of governmental activities	<u><u>\$483,503,939</u></u>

PROVO CITY CORPORATION
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2024

	General	Debt Service	General CIP	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 48,775,136	\$ 8,927,051	\$ -	\$ 4,687,840	\$ 62,390,027
Licenses and permits	1,893,713	-	-	-	1,893,713
Intergovernmental	8,764,464	-	-	19,040,596	27,805,060
Charges for services	14,055,989	-	-	847,001	14,902,990
Fines and forfeitures	1,673,779	-	-	-	1,673,779
Impact fees	-	-	384,833	1,173,896	1,558,729
Interest income	2,635,433	593,189	463,762	1,427,240	5,119,624
Lease income	15,000	-	-	-	15,000
Miscellaneous	1,715,515	-	-	3,689	1,719,204
Total revenues	79,529,029	9,520,240	848,595	27,180,262	117,078,126
Expenditures:					
Current:					
General government	15,642,820	-	-	-	15,642,820
Public safety	43,119,520	-	-	-	43,119,520
Public services	5,879,215	-	-	-	5,879,215
Culture and recreation	15,093,678	-	-	5,285,830	20,379,508
Community revitalization	4,832,444	-	-	1,143,507	5,975,951
Total current expenditures	84,567,677	-	-	6,429,337	90,997,014
Debt service:					
Interest	-	3,800,311	-	-	3,800,311
Principal on debt	-	7,272,000	-	-	7,272,000
Interest - interfund	-	22,660	-	85,227	107,887
Service fees on debt and issuance costs	-	6,876	-	-	6,876
Total debt service	-	11,101,847	-	85,227	11,187,074
Capital outlay	5,749,648	-	4,520,119	30,841,316	41,111,083
Total expenditures	90,317,325	11,101,847	4,520,119	37,355,880	143,295,171
Excess (deficiency) of revenues over expenditures	(10,788,296)	(1,581,607)	(3,671,524)	(10,175,618)	(26,217,045)
Other financing sources (uses):					
Transfers from other funds	14,257,028	3,365,900	51,000	2,715,933	20,389,861
Transfers to other funds	(4,957,097)	(440,000)	(90,658)	(1,819,857)	(7,307,612)
Proceeds from sale of assets	3,687,421	-	-	5,739,039	9,426,460
Total other financing sources (uses)	12,987,352	2,925,900	(39,658)	6,635,115	22,508,709
Net change in fund balances	2,199,056	1,344,293	(3,711,182)	(3,540,503)	(3,708,336)
Fund balance at beginning of year	38,121,555	9,504,594	9,517,028	48,901,852	106,045,029
Fund balance at end of year	\$ 40,320,611	\$ 10,848,887	\$ 5,805,846	\$ 45,361,349	\$ 102,336,693

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

PROVO CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances--total governmental funds	\$ (3,708,336)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$30,295,922) exceeded depreciation (\$16,458,922) in the current period.	13,837,000
Revenues in the statement of activities that do not provide current financial resources are not reported in the fund statements.	779,317
Pension and OPEB are recorded in governmental activities and not in the fund statements.	3,272,988
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,268,474
The proprietary funds allocation of the internal service funds net loss is based on use of service included in the entity-wide statements.	(486,467)
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.	<u>2,477,031</u>
Change in net position of governmental activities	<u><u>\$ 24,440,007</u></u>

PROVO CITY CORPORATION
Budgetary Comparison Statement – General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 54,886,295	\$ 50,691,888	\$ 48,775,136	\$ (1,916,752)
Licenses and permits	615,000	615,000	1,893,713	1,278,713
Intergovernmental	2,119,313	6,107,930	8,764,464	2,656,534
Charges for services	13,395,586	13,389,994	14,055,989	665,995
Fines and forfeitures	1,366,187	1,386,187	1,673,779	287,592
Interest income	1,486,299	1,486,299	2,635,433	1,149,134
Lease income	-	-	15,000	15,000
Miscellaneous	2,507,891	2,520,738	1,715,515	(805,223)
Total revenues	<u>76,376,571</u>	<u>76,198,036</u>	<u>79,529,029</u>	<u>3,330,993</u>
Expenditures:				
Current:				
General government:				
Mayor's Office	2,237,865	2,405,396	2,052,899	352,497
Municipal Council	1,254,854	1,293,479	1,237,676	55,803
Finance	1,272,548	1,275,448	1,247,551	27,897
Human Resources	1,049,567	1,049,088	1,029,592	19,496
Recorder	220,677	303,661	301,172	2,489
Justice Court	1,654,016	1,684,286	1,590,924	93,362
Legal	2,113,064	2,072,330	1,981,141	91,189
Information Systems	5,568,126	5,659,680	5,412,554	247,126
Trust & Agency	3,000	5,000	4,605	395
Nondepartmental	1,374,614	977,152	784,706	192,446
Public safety:				
Police	22,898,346	24,146,829	23,549,794	597,035
Fire	13,490,900	15,860,896	14,864,048	996,848
Emergency Response	4,485,694	4,563,488	4,705,678	(142,190)
Public services:				
Streets	2,860,058	2,895,636	2,665,625	230,011
Engineering	3,307,177	3,343,468	3,213,590	129,878
Culture and recreation:				
Parks & Recreation	13,577,362	13,962,408	13,446,214	516,194
Covey Center	1,695,753	1,826,029	1,647,464	178,565
Development Services	5,017,303	5,042,846	4,832,444	210,402
Total current expenditures	<u>84,080,924</u>	<u>88,367,120</u>	<u>84,567,677</u>	<u>3,799,443</u>
Capital outlay	<u>2,840,000</u>	<u>3,544,543</u>	<u>5,749,648</u>	<u>(2,205,105)</u>
Total expenditures	<u>86,920,924</u>	<u>91,911,663</u>	<u>90,317,325</u>	<u>1,594,338</u>
Excess (deficiency) of revenues over expenditures	<u>(10,544,353)</u>	<u>(15,713,627)</u>	<u>(10,788,296)</u>	<u>4,925,331</u>
Other financing sources (uses):				
Transfers from other funds	19,393,699	18,943,699	14,257,028	(4,686,671)
Transfers to other funds	(9,062,466)	(10,851,512)	(4,957,097)	5,894,415
Proceeds from land sales	-	-	3,687,421	3,687,421
Total other financing sources (uses)	<u>10,331,233</u>	<u>8,092,187</u>	<u>12,987,352</u>	<u>4,895,165</u>
Net change in fund balance	<u>\$ (213,120)</u>	<u>\$ (7,621,440)</u>	<u>2,199,056</u>	<u>\$ 9,820,496</u>
Fund balance at beginning of year			<u>38,121,555</u>	
Fund balance at end of year			<u>\$ 40,320,611</u>	

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

PROVO CITY CORPORATION
Statement of Net Position – Proprietary Funds
June 30, 2024

	Business-type Activities					Total	Governmental
	Water	Waste- Water	Energy	Airport	Nonmajor Funds		Internal Service Funds
Assets							
Current Assets:							
Cash	\$ 6,549,655	\$ 5,835,495	\$ 8,110,058	\$ -	\$ 10,645,081	\$ 31,140,289	\$ 23,472,792
Restricted cash	831,220	473,280	577,577	851,584	1,451,102	4,184,763	-
Accounts receivable	2,950,960	2,136,985	7,863,781	11,125,772	1,435,128	25,512,626	2,786
Due from other funds	-	-	23,702,541	-	-	23,702,541	-
Inventories	1,660,661	-	3,368,509	-	-	5,029,170	424,470
Total Current Assets	11,992,496	8,445,760	43,622,466	11,977,356	13,531,311	89,569,389	23,900,048
Noncurrent Assets:							
Capital Assets:							
Non Depreciable	45,614,136	122,903,249	4,241,011	20,193,853	33,433,092	226,385,341	1,515,754
Depreciable assets	65,822,605	80,320,479	62,698,264	93,147,189	35,368,749	337,357,286	16,700,375
Net Capital Assets	111,436,741	203,223,728	66,939,275	113,341,042	68,801,841	563,742,627	18,216,129
Interfund loans receivable	-	-	6,303,430	-	-	6,303,430	-
Equity in Joint Venture	-	-	-	-	12,095,862	12,095,862	-
Total Noncurrent Assets	111,436,741	203,223,728	73,242,705	113,341,042	80,897,703	582,141,919	18,216,129
Total Assets	123,429,237	211,669,488	116,865,171	125,318,398	94,429,014	671,711,308	42,116,177
Deferred outflows of resources							
Pension related	620,722	325,817	1,507,889	92,694	407,245	2,954,367	572,809
OPEB related	41,960	33,321	77,749	16,043	39,491	208,564	39,492
Total deferred outflows of resources	662,682	359,138	1,585,638	108,737	446,736	3,162,931	612,301

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

(Continued)

PROVO CITY CORPORATION
Statement of Net Position – Proprietary Funds (Continued)
June 30, 2024

	Business-type Activities					Governmental Activities	
	Water	Waste- Water	Energy	Airport	Total Nonmajor Funds	Total	Internal Service Funds
Liabilities							
Current Liabilities:							
Accounts payable	3,619,657	8,271,066	281,335	447,255	1,667,395	14,286,708	2,119,429
Accrued liabilities	167,159	86,842	7,683,132	41,810	188,712	8,167,655	8,947,809
Due to other funds	-	12,442,649	-	5,478,718	-	17,921,367	-
Customer deposits	586,214	267,447	947,762	1,260	-	1,802,683	-
Accrued interest payable	109,820	403,541	182,329	73,400	1,598	770,688	8,201
Accrued compensated absences	113,825	81,186	269,652	42,440	89,988	597,091	61,308
Bonds, leases, and loans payable	525,000	485,000	930,000	2,341,957	204,390	4,486,347	597,634
Total Current Liabilities	<u>5,121,675</u>	<u>22,037,731</u>	<u>10,294,210</u>	<u>8,426,840</u>	<u>2,152,083</u>	<u>48,032,539</u>	<u>11,734,381</u>
Long-term Liabilities							
Accrued compensated absences	265,592	189,434	629,189	99,026	209,974	1,393,215	143,052
Net OPEB payable	172,431	136,931	319,505	65,930	162,289	857,086	162,289
Net pension liability	284,340	192,390	713,558	39,719	233,167	1,463,174	287,008
Interfund loan payable	-	-	-	3,024,027	2,355,967	5,379,994	-
Bonds, leases, and loans payable	7,259,063	81,022,906	11,899,548	6,910,632	185,495	107,277,644	671,786
Total Long-term Liabilities	<u>7,981,426</u>	<u>81,541,661</u>	<u>13,561,800</u>	<u>10,139,334</u>	<u>3,146,892</u>	<u>116,371,113</u>	<u>1,264,135</u>
Total Liabilities	<u>13,103,101</u>	<u>103,579,392</u>	<u>23,856,010</u>	<u>18,566,174</u>	<u>5,298,975</u>	<u>164,403,652</u>	<u>12,998,516</u>
Deferred inflows of resources							
Pension related	16,334	8,572	39,675	2,434	10,720	77,735	15,062
OPEB related	51,647	41,014	95,699	19,747	48,608	256,715	48,609
Total deferred inflows of resources	<u>67,981</u>	<u>49,586</u>	<u>135,374</u>	<u>22,181</u>	<u>59,328</u>	<u>334,450</u>	<u>63,671</u>
Net Position							
Net investment in capital assets	100,266,043	113,649,178	54,109,727	103,720,519	68,033,093	439,778,560	15,313,058
Restricted for:							
Capital projects	466,575	-	-	-	1,448,265	1,914,840	-
Debt service	364,645	473,280	577,577	851,584	2,837	2,269,923	-
Unrestricted	9,823,574	(5,722,810)	39,772,121	2,266,677	20,033,252	66,172,814	14,353,233
Total Net Position	<u>\$ 110,920,837</u>	<u>\$ 108,399,648</u>	<u>\$ 94,459,425</u>	<u>\$ 106,838,780</u>	<u>\$ 89,517,447</u>	<u>\$ 510,136,137</u>	<u>\$ 29,666,291</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						<u>(4,221,327)</u>	
Net position of business-type activities						<u>\$ 505,914,810</u>	

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

PROVO CITY CORPORATION
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities					Governmental	
	Water	Waste- Water	Energy	Airport	Total Nonmajor Funds	Total	Internal Service Funds
Operating Revenues:							
Charges for services	\$ 16,899,527	\$ 25,488,632	\$ 74,308,724	\$ 4,025,342	\$ 18,183,551	\$ 138,905,776	\$ 20,475,412
Fees & rentals	136,088	-	712,785	1,923,094	1,276,798	4,048,765	-
Lease income	-	9,170	-	-	-	9,170	-
Miscellaneous	199,493	165,514	2,786,227	3,161,847	254,155	6,567,236	26,241
Taxes	-	-	-	134,909	-	134,909	-
Intergovernmental revenue	-	-	-	553,327	50,000	603,327	-
Total operating revenues	17,235,108	25,663,316	77,807,736	9,798,519	19,764,504	150,269,183	20,501,653
Operating expenses:							
Salaries and wages	2,844,070	2,367,657	5,972,720	375,848	3,646,753	15,207,048	2,731,919
Employee benefits	1,401,384	1,374,173	3,012,055	605,594	1,612,062	8,005,268	2,013,485
Operating expenses	5,561,462	4,018,928	54,834,622	5,368,844	9,430,358	79,214,214	11,050,215
Depreciation	1,751,759	1,283,108	5,244,257	5,343,446	1,486,857	15,109,427	4,641,496
Total operating expenses	11,558,675	9,043,866	69,063,654	11,693,732	16,176,030	117,535,957	20,437,115
Operating income (loss)	5,676,433	16,619,450	8,744,082	(1,895,213)	3,588,474	32,733,226	64,538
Nonoperating revenues (expenses)							
Interest income	1,044,602	402,110	2,092,140	263,294	625,951	4,428,097	1,033,018
Interest expense	(211,508)	(552,717)	(415,678)	(752,341)	(132,973)	(2,065,217)	(41,950)
Gain (loss) on disposal of assets	-	-	-	(25,811)	-	(25,811)	47,844
Joint Venture gain	-	-	-	-	(3,994,807)	(3,994,807)	-
Total nonoperating revenues (expenses)	833,094	(150,607)	1,676,462	(514,858)	(3,501,829)	(1,657,738)	1,038,912
Income before contributions and transfers	6,509,527	16,468,843	10,420,544	(2,410,071)	86,645	31,075,488	1,103,450
Capital contributions	1,422,434	1,051,729	808,387	31,350,500	308,709	34,941,759	-
Transfers in	583,820	-	-	2,265,325	60,882	2,910,027	1,996,293
Transfers out	(1,835,247)	(3,410,688)	(10,640,615)	-	(1,459,545)	(17,346,095)	(642,474)
Change in Net Position	6,680,534	14,109,884	588,316	31,205,754	(1,003,309)	51,581,179	2,457,269
Net Position at beginning of year	104,240,303	94,289,764	93,871,109	75,068,800	90,520,756	27,189,260	27,189,260
Net Position at end of year	\$ 110,920,837	\$ 108,399,648	\$ 94,459,425	\$ 106,274,554	\$ 89,517,447	\$ 29,646,529	\$ 29,646,529
						486,457	
						\$ 52,067,636	

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

Change in net position of business-type activities

PROVO CITY CORPORATION
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2024

	Business-type Activities						Governmental Activities
	Water	Waste- water	Energy	Airport	Total	Total	Internal Service Funds
					Nonmajor Funds		
Cash flows from operating activities:							
Receipts from customers and users	\$ 17,826,028	\$ 25,748,543	\$ 78,614,978	\$ 9,798,519	\$ 19,736,298	\$ 151,724,366	\$ 21,905,050
Payments to suppliers	(3,356,014)	(8,216,591)	(54,073,901)	(10,811,906)	(10,124,778)	(86,583,190)	(6,831,889)
Payments to employees	(4,336,143)	(3,639,745)	(7,601,403)	(928,470)	(5,264,161)	(21,769,922)	(4,898,705)
Payments for claims	-	-	-	-	-	-	(3,153,270)
Net cash from operating activities	<u>10,133,871</u>	<u>13,892,207</u>	<u>16,939,674</u>	<u>(1,941,857)</u>	<u>4,347,359</u>	<u>43,371,254</u>	<u>7,021,186</u>
Cash flows from noncapital financing activities:							
Loans due from other funds	-	-	(16,642,710)	-	-	(16,642,710)	-
Loans due to other funds	-	12,442,649	-	(3,954,103)	(54,429)	8,434,117	-
Impact fees	1,422,434	1,051,729	808,387	-	308,709	3,591,259	-
Federal and other grants	-	-	-	20,868,066	-	20,868,066	-
Transfers from other funds	583,820	-	-	2,265,325	60,882	2,910,027	1,996,293
Transfers to other funds	(1,835,247)	(3,410,688)	(10,640,615)	-	(1,459,545)	(17,346,095)	(642,474)
Net cash from noncapital financing activities	<u>171,007</u>	<u>10,083,690</u>	<u>(26,474,938)</u>	<u>19,179,288</u>	<u>(1,144,383)</u>	<u>1,814,664</u>	<u>1,353,819</u>
Cash flows from capital and related financing activities:							
Payments for capital acquisitions	(26,602,035)	(37,241,900)	(3,120,934)	(15,560,557)	(2,183,009)	(84,708,435)	(9,325,848)
Proceeds from sale of capital assets	-	-	-	-	-	-	86,561
Principal paid on bonds payable	(510,000)	(425,000)	(885,000)	(290,000)	(710,000)	(2,820,000)	-
Interest paid on bonds payable	(282,808)	(530,586)	(471,322)	(814,370)	(37,451)	(2,136,537)	-
Principal paid on lease payable	-	-	-	(4,919,820)	(191,618)	(5,111,438)	(583,515)
Interest paid on notes & lease payable	-	-	-	-	(100,476)	(100,476)	(45,703)
Net cash from capital and related financing activities	<u>(27,394,843)</u>	<u>(38,197,486)</u>	<u>(4,477,256)</u>	<u>(21,584,747)</u>	<u>(3,222,554)</u>	<u>(94,876,886)</u>	<u>(9,868,505)</u>
Cash flows from investing activities:							
Receipts of interest	<u>1,044,602</u>	<u>402,110</u>	<u>2,092,140</u>	<u>263,294</u>	<u>625,951</u>	<u>4,428,097</u>	<u>1,033,018</u>
Net cash from investing activities	<u>1,044,602</u>	<u>402,110</u>	<u>2,092,140</u>	<u>263,294</u>	<u>625,951</u>	<u>4,428,097</u>	<u>1,033,018</u>
Net increase (decrease) in cash	(16,045,363)	(13,819,479)	(11,920,380)	(4,084,022)	606,373	(45,262,871)	(460,482)
Cash at beginning of year	<u>23,426,238</u>	<u>20,128,254</u>	<u>20,608,015</u>	<u>4,935,606</u>	<u>11,489,810</u>	<u>80,587,923</u>	<u>23,933,274</u>
Cash at end of year	<u>\$ 7,380,875</u>	<u>\$ 6,308,775</u>	<u>\$ 8,687,635</u>	<u>\$ 851,584</u>	<u>\$ 12,096,183</u>	<u>\$ 35,325,052</u>	<u>\$ 23,472,792</u>
Cash at end of year consists of:							
Cash	\$ 6,549,655	\$ 5,835,495	\$ 8,110,058	\$ -	\$10,645,081	\$ 31,140,289	\$ 23,472,792
Restricted cash	<u>831,220</u>	<u>473,280</u>	<u>577,577</u>	<u>851,584</u>	<u>1,451,102</u>	<u>4,184,763</u>	<u>-</u>
Total Cash	<u>\$ 7,380,875</u>	<u>\$ 6,308,775</u>	<u>\$ 8,687,635</u>	<u>\$ 851,584</u>	<u>\$ 12,096,183</u>	<u>\$ 35,325,052</u>	<u>\$ 23,472,792</u>

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

PROVO CITY CORPORATION
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2024

	Business-type Activities					Total	Governmental
	Water	Waste- water	Energy	Airport	Total Nonmajor Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:							
Operating income (loss)	\$ 5,676,433	\$ 16,619,450	\$ 8,744,082	\$ (1,895,213)	\$ 3,588,474	\$ 32,733,226	\$ 84,300
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	1,751,759	1,283,108	5,244,257	5,343,446	1,486,857	15,109,427	4,641,496
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	590,920	85,227	807,242	-	(28,206)	1,455,183	(2,386)
Decrease (increase) in inventory	(655,318)	-	417,632	-	-	(237,686)	(116,303)
Increase (decrease) in accounts payable	2,769,911	(4,177,783)	162,665	(5,443,062)	(722,183)	(7,410,452)	664,206
Increase (decrease) in accrued liabilities	(103,110)	56,195	1,351,710	31,900	11,578	1,348,273	1,744,140
Increase (decrease) in customer deposits	90,855	(19,880)	180,424	-	-	251,399	-
Increase (decrease) in accrued compensated absences	12,421	45,890	31,662	21,072	10,839	121,884	5,733
Net cash from operating activities	<u>\$ 10,133,871</u>	<u>\$ 13,892,207</u>	<u>\$ 16,939,674</u>	<u>\$ (1,941,857)</u>	<u>\$ 4,347,359</u>	<u>\$ 43,371,254</u>	<u>\$ 7,021,186</u>

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

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PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The financial statements of the City of Provo, Utah (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

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

Blended Component Units

As required by generally accepted accounting principles, this report presents the financial information of both Provo City (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 have been set forth in the Governmental Accounting Standards Board's (GASB) Statement No. 61. These criteria include (1) substantively the same governing body, (2) the primary government and the component unit have a financial benefit or burden relationship, or (3) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

Blended component units 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, 445 W. Center St., Provo, UT 84601.

Included in this report are the following blended component units.

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 criteria set forth in FASB 61 does not apply, but the City has transactions such that management believes is best to disclose the relationship.

Related organizations include the following:

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

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

The Metropolitan Water District of Provo Board of Directors is selected by the City's Municipal Council from a list of qualified applicants. The Board of Directors controls the personnel, management, finances and budget. The Metropolitan Water District of Provo was created under UCA section 17A-2-800.

B. Description of Government-wide Financial Statements

Basis of Presentation

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities), report information on all of the non-fiduciary activities of the primary government and its component units. The statements distinguish between *governmental activities* 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 customers for goods or ser-

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vices. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

The government-wide statement of net position presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, the difference between the two is reported as net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating (general) fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenue or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

As per the above criteria, the City's general fund is a major fund, as well as the debt service fund and the gen-

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

eral CIP fund. The City may also report other individual governmental funds as major funds if they are determined to be of particular importance to financial statement users. All other governmental funds are non-major.

The 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.

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

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

The City reports the following major enterprise funds: Water, Wastewater, Energy, and Airport. All other enterprise funds are non-major.

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

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

Additionally, the City reports the following fund types:

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

Measurement Focus and Basis of Accounting

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

applied.

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Reconciliation of Government-wide and Fund Financial Statements

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

two statements to explain the differences. Reconciliation is included as part of the fund financial statements (see pages 38, 39).

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 from the date of acquisition (cash equivalents) such as money market accounts and certificates of deposit.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

The State Treasurer's Investment Pool (PTIF) is managed by the State, Office of the Treasurer, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in the Pool are valued at the Pool's share price, the price at which the investment could be sold.

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 Position.

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

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

Inventories of supplies for the proprietary fund types are stated at cost and are accounted for on a current cost basis using the first-in/first-out (FIFO) method. 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, 2024, for services performed or received after that date are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Restricted Assets

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

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

I. Capital Assets

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. In the government-wide financial statements and in the fund financial statements for proprietary funds, capital asset expenditures are treated as capital assets. Capital assets include property, plant, equipment and infrastructure assets, e.g., roads, bridges, sidewalks, and similar items. Capital assets also include right-of-use lease and subscription-based information technology arrangements as defined by GASB 87 and GASB 96 respectively.

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 or donated works of art and similar items are recorded at acquisition value as of the date of donation. Capital assets received in a service concession arrangement are also recorded at acquisition value.

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)

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

were valued at actual historical cost (when available) or estimated historical cost and capitalized in the 2002 fiscal year.

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

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

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

<u>Assets</u>	<u>Years</u>
Building Improvements	20
Buildings (New)	40
Bridges	60
Electronic Equipment	5
Energy Infrastructure	30
Land Improvements	20
Machinery & Equipment	7
Roads	20
Sidewalks	50
Trails	10
Traffic Signals	30
Vehicles	5
Storm Water Infrastructure	75
Water Infrastructure	75
Wastewater Infrastructure	75

Right-of-use lease and subscription-based information technology arrangements are amortized over the life of the lease or the anticipated length of the subscription-based technology arrangement respectively.

J. Compensated Absences

City policy provides for employees to be paid 100 percent of the unused portion of vacation leave and 25 percent of the unused portion of sick leave (except employees with 20 years or more of full-time service receive 50 percent), when they retire or terminate employment. In the entity-wide statements and the proprietary funds, a provision has been made to account for all of the earned, unused vacation leave and sick pay that would be paid to an employee if he or she were to leave the City on June 30, 2024. 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.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Inflows and Outflows of Resources

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

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

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

L. Long-term Obligations

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

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

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

M. Net Position and Fund Equity

Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by exter-

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The City’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the City’s Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.

Assigned fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Bond Discounts/Issuance Costs

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

O. Estimates

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

P. Use of Restricted/Unrestricted Net Position

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

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

R. Revenues and Expenditures/Expenses

Program revenues

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 utilities 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 nonoperating revenues and expenses.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

A. Custodial Credit Risk

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

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. The City policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2024, \$11,729,333 of the City's bank balance of \$11,979,333 was uninsured and uncollateralized.

B. Credit Risk

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

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an Investment Company and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the 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, 2024, the City had investments of \$145,539,452 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by following Provo City Investment Policy and adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the portion of availability of the funds to be invested.

NOTE 3 - RECEIVABLES

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

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

Property taxes that were levied on January 1 of 2024 and are due in November of 2024 are budgeted for the 2025 fiscal year. Even though they are intended to fund the 2025 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue.

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

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

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 3 - RECEIVABLES (Continued)

Accounts receivable and the associated allowances for uncollectible accounts, on June 30, 2024, consist of the following:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables	\$ 14,496,878	\$ 7,947,354	\$ 18,315,411	\$ 40,759,643
Less: allowance for Uncollectibles	(857,597)	-	-	(857,597)
Net total receivables	\$ 13,639,281	\$ 7,947,354	\$ 18,315,411	\$ 39,902,046

Proprietary Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Energy</u>	<u>Airport</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables	\$ 3,072,587	\$ 2,269,631	\$ 8,221,126	\$ 11,125,772	\$ 1,523,510	\$ 26,212,626
Less: allowance for Uncollectibles	(121,627)	(132,646)	(357,345)	-	(88,382)	(700,000)
Net total receivables	\$ 2,950,960	\$ 2,136,985	\$ 7,863,781	\$ 11,125,772	\$ 1,435,128	\$ 25,512,626
Increase (decrease) Revenue related to Uncollectibles	\$ 13,935	\$ 24,284	\$ (49,622)	\$ -	\$ 11,403	\$ -

Loans receivable and the associated allowances for uncollectible accounts, on June 30, 2024, consist of the following:

	<u>Governmental Activities</u>	<u>Business- type</u>	<u>Total</u>
Business & citizen assistance loans	\$ 18,178,116	\$ -	\$ 18,178,116
Less: allowance for Uncollectibles	(899,591)	-	(899,591)
Net total notes receivable	\$ 17,278,525	\$ -	\$ 17,278,525

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 3 - RECEIVABLES (Continued)

Governmental funds report revenue in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period (unavailable) as deferred inflows of resources. At the end of June 30, 2024, the various components of deferred inflows of resources in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>
Property tax receivable (general fund)	\$ 5,608,157
Property tax receivable (library fund)	4,382,929
Property taxes (debt service fund)	7,690,706
Ambulance Billing	577,714
Central Billing	678,161
Special Improvement Assessment Billing	1,155
Notes Receivable	186,327
	<u>\$ 19,125,149</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 4 - CAPITAL ASSETS

The following table shows capital asset activity for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 180,245,429	\$ 325,497	\$ -	\$ 180,570,926
Land Easement	-	-	-	-
Construction in progress	14,116,581	9,035,057	(14,101,580)	9,050,058
	<u>194,362,010</u>	<u>9,360,554</u>	<u>(14,101,580)</u>	<u>189,620,984</u>
Capital assets being depreciated/amortized:				
Machinery, equipment, and vehicles	68,754,733	10,227,850	(717,469)	78,265,114
Subscription asset	1,505,934	-	-	1,505,934
Library collection	6,531,483	-	-	6,531,483
Buildings	163,582,344	3,403,771	-	166,986,115
Land improvements	19,277,159	18,218,719	-	37,495,878
Infrastructure:				
Traffic signals	8,664,732	765,963	-	9,430,695
Fiber optic	985,123	-	-	985,123
Noise wall	892,483	-	-	892,483
Bridges	14,164,399	-	-	14,164,399
Roads	191,095,975	6,806,348	-	197,902,323
Sidewalks and trails	33,953,785	5,096,879	-	39,050,664
Total	<u>509,408,150</u>	<u>44,519,530</u>	<u>(717,469)</u>	<u>553,210,211</u>
Less accumulated depreciation/amortization for:				
Machinery, equipment, and vehicles	(51,876,112)	(6,308,025)	678,753	(57,505,384)
Subscription asset	(903,560)	(301,187)	-	(1,204,747)
Library collection	(6,266,745)	(122,294)	-	(6,389,039)
Buildings	(41,677,000)	(4,113,203)	-	(45,790,203)
Land improvements	(9,564,944)	(931,115)	-	(10,496,059)
Infrastructure:				
Traffic signals	(5,081,073)	(254,050)	-	(5,335,123)
Fiber Optic	(985,123)	-	-	(985,123)
Noise Wall	(376,237)	(43,757)	-	(419,994)
Bridges	(6,090,331)	(234,610)	-	(6,324,941)
Roads	(126,085,726)	(7,997,909)	-	(134,083,635)
Sidewalks and trails	(17,914,752)	(794,269)	-	(18,709,021)
Total	<u>(266,821,603)</u>	<u>(21,100,419)</u>	<u>678,753</u>	<u>(287,243,269)</u>
Total capital assets, being depreciated/amortized, net	<u>242,586,547</u>	<u>23,419,111</u>	<u>(38,716)</u>	<u>265,966,942</u>
Governmental activities capital assets, net	<u>\$ 436,948,557</u>	<u>\$ 32,779,665</u>	<u>\$ (14,140,296)</u>	<u>\$ 455,587,926</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2024, continued:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 131,631,800	\$ 63,290,573	\$ (26,991,068)	\$ 167,931,305
Water Stock	2,420,927	-	-	2,420,927
Land	56,033,109	-	-	56,033,109
Total	<u>190,085,836</u>	<u>63,290,573</u>	<u>(26,991,068)</u>	<u>226,385,341</u>
Capital assets being depreciated/amortized:				
Machinery, equipment, and vehicles	29,395,133	1,270,933	(64,527)	30,601,539
Right of use asset	455,347	-	-	455,347
Buildings & Building Improvements	148,521,717	1,108,617	-	149,630,334
Land improvements	95,825,878	13,583,028	-	109,408,906
Infrastructure:				
Storm Drain	40,238,413	2,005,775	-	42,244,188
Water Lines	81,550,091	4,810,862	-	86,360,953
Sewer Lines	58,400,234	28,459,412	-	86,859,646
Energy	92,328,576	2,765,763	-	95,094,339
Total	<u>546,715,389</u>	<u>54,004,390</u>	<u>(64,527)</u>	<u>600,655,252</u>
Less accumulated depreciation/amortization for:				
Machinery, equipment, and vehicles	(23,012,038)	(1,437,439)	38,716	(24,410,761)
Right of use asset	(91,069)	(91,070)	-	(182,139)
Buildings	(71,898,374)	(2,768,557)	-	(74,666,931)
Land improvements	(42,102,000)	(4,607,947)	-	(46,709,947)
Infrastructure:				
Storm drain	(19,307,021)	(408,585)	-	(19,715,606)
Water lines	(26,267,270)	(1,104,389)	-	(27,371,659)
Sewer lines	(14,679,089)	(778,652)	-	(15,457,741)
Energy	(50,870,393)	(3,912,789)	-	(54,783,182)
Total	<u>(248,227,254)</u>	<u>(15,109,428)</u>	<u>38,716</u>	<u>(263,297,966)</u>
Total capital assets, being depreciated/amortized, net	<u>298,488,135</u>	<u>38,894,962</u>	<u>(25,811)</u>	<u>337,357,286</u>
Business-type activities capital assets, net	<u>\$ 488,573,971</u>	<u>\$ 102,185,535</u>	<u>\$ (27,016,879)</u>	<u>\$ 563,742,627</u>

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

Governmental activities:	
General government	\$ 3,627,262
Public safety	9,998,569
Public services	1,363,275
Community revitalization	1,385,706
Culture and recreation	4,725,607
Total depreciation expense - governmental activities	<u>\$ 21,100,419</u>
Business-type activities	
Golf Course	\$ 638,083
Water	1,751,759
Sewer	1,283,110
Energy	5,244,256
Airport	5,343,446
Sanitation	33,838
Storm drain	512,517
Ice Sheet	302,419
Total depreciation expense - business-type activities	<u>\$ 15,109,428</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 5 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Accordingly, the City insures against these risks of loss as part of a comprehensive risk management program. To protect the City from general liability exposure, the City either self-insures or purchases commercial excess-liability insurance and property/equipment insurance, including earthquake coverage. The City is fully insured for workers compensation. The City accounts for risk management activities through an internal service fund. No claim related settlements have exceeded the commercial insurance coverage limits during any of the past three fiscal years.

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

The following schedule is a reconciliation of the changes in the aggregate claim 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
2024	\$1,000,000	\$1,835,366	\$1,335,366	\$1,500,000
2023	\$1,000,000	\$663,424	\$663,424	\$1,000,000

The City settled a claim for \$1,000,000 in August 2024 related to a contract dispute.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 6 - LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued statement number 87 addressing leases that do not transfer ownership of the underlying asset. GASB 87 requires the recognition of all lease assets and liabilities over 12 months in length to now be recorded as liabilities and intangible right-of-use assets. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use asset is measured as the initial amount of lease liability. GASB 87 was required to be implemented in fiscal 2022.

During 2022, the city entered into a lease agreement for the golf carts that are utilized at the city-owned golf course. The city recorded a lease liability along with a right-of-use asset in the amount of \$280,337. The right of use asset is being amortized on a straight-line basis over the 5-year life of the lease. As of June 30, 2024, the remaining lease liability and right-of-use assets were \$168,029 and \$168,201 respectively.

During 2022, the city entered into a lease agreement for the golf cart connectivity equipment that is utilized at the city-owned golf course. The city recorded a lease liability along with a right-of-use asset in the amount of \$175,010. The right of use asset is being amortized on a straight-line basis over the 5-year life of the lease. As of June 30, 2024, the remaining lease liability and right-of-use assets were \$104,898 and \$105,006 respectively.

The reduction of the lease liabilities and amortization of the right-of-use lease assets are as follows:

Fiscal Year	Lease Liability				Right-of-Use Capital Asset		Total Expense
	Payment Amount	Interest Expense	Reduction of Payable	Lease Payable Balance	Amortization Expense	Lease Asset Balance	
2024	\$98,349	\$14,280	\$84,069	272,927	\$91,069	\$273,207	\$105,349
2025	98,349	10,917	87,432	185,496	91,069	182,138	\$101,986
2026	98,349	7,420	90,929	94,566	91,069	91,069	\$98,489
2027	98,349	3,783	94,566	0	91,069	0	\$94,852
	<u>\$393,396</u>	<u>\$36,400</u>	<u>\$356,996</u>		<u>\$364,276</u>		<u>\$400,676</u>

In addition to the leases described above, the city has entered into lease agreements, as lessee, for financing the acquisition of software and related equipment, for financing the acquisition of fire apparatus and for financing the acquisition of golf course maintenance equipment. These lease agreements qualify as finance leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The ERP software, fire apparatus and golf course maintenance equipment have been pledged as collateral on their respective leases. The city will own the underlying lease assets at the end of the lease.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 6 - LEASES (Continued)

The assets acquired through finance leases are as follows:

Governmental Activities

<u>Asset</u>	<u>Original Principal</u>	<u>Interest Rate</u>
Fire Apparatus	\$2,040,000	2.173%
Fire Apparatus	\$2,490,000	2.63%

Business-Type Activities

<u>Asset</u>	<u>Original Principal</u>	<u>Interest Rate</u>
Golf Maintenance Equipment	\$521,093	1.78%

The future minimum lease obligations and the net present value of these minimum finance lease payments as of June 30, 2024, were as follows:

Governmental Activities

Lease payment

	<u>Totals</u>
2025	629,766
2026	349,201
2027	349,201
Total minimum lease payments	1,328,168
Less amount representing interest	(58,748)
Present Value of minimum lease payments	\$1,269,419
Amount due within one year	597,634
Amount due after one year	<u>\$671,786</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 6 - LEASES (Continued)

Business-Type Activities

Lease payment

	<u>Totals</u>
2025	<u>107,928</u>
Total minimum lease payments	107,928
Less amount representing interest	<u>(1,888)</u>
Present Value of minimum lease payments	106,040
Amount due within one year	106,040
Amount due after one year	<u>\$ -</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Governmental Accounting Standards Board (GASB) issued statement number 96 addressing accounting for Subscription-Based Information Technology Arrangements (SBITA) effective for fiscal years beginning after June 15, 2022. GASB Statement Number 96 was implemented by the City beginning in fiscal year ending June 30, 2023.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the City has a noncancellable right to use the underlying IT assets.

Under GASB Statement Number 96, the City will generally recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

During fiscal 2021, the city entered into a subscription-based software arrangement with Workday for IT software that is utilized for human capital management and qualifies for reporting under GASB 96. The original Workday SBITA payable balance (liability) and corresponding right-of-use capital asset were each \$1,505,934, respectively. As of June 30, 2024, the City has a net SBITA liability of \$312,753 along with a right-of-use capital asset in the net amount of \$301,187. The right of use asset is being amortized on a straight-line basis over the 5-year life of the SBITA.

The reduction of the Workday SBITA liability and amortization of the Workday right-of-use SBITA asset are as follows:

Fiscal Year	Subscription Liability				Right-of-Use Capital Asset		
	Payment Amount	Interest Expense	Reduction of Payable	Subscription Payable Balance	Amortization Expense	Subscription Asset Balance	Total Expense
2024	\$ 325,263	\$ 24,539	\$ 300,724	\$ 312,753	\$ 301,187	\$ 301,187	\$ 325,726
2025	\$ 325,263	\$ 12,510	\$ 312,753	\$ 0	\$ 301,187	\$ (0)	\$ 313,697

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 8 - LONG-TERM DEBT

General Obligation Bonds

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

As of June 30, 2024, \$73,130,000 of general obligation bonds remained outstanding. All general obligation bonds have been issued for governmental activities.

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Outstanding revenue bonds were originally issued in the amount of \$170,680,000 for business-type activities and \$41,834,000 for governmental activities. As of June 30, 2024, the outstanding revenue bond principal balance was \$104,038,879 for business-type activities and \$7,328,000 for governmental-type activities.

In October of 2020, the City entered into an agreement with the Utah Division of Water Quality to issue taxable Wastewater Revenue Bonds in the amount of \$75,800,000 to fund improvements at the wastewater treatment plant in Provo. Draws will occur over several years as construction progresses on the wastewater treatment plant. During fiscal 2024, the City did not make any additional draws but anticipates drawing the remaining \$8,800,500 in fiscal 2025. The outstanding principal balance as of June 30, 2024, is \$66,999,500. The bonds have been issued for business-type activities.

In May of 2022, the City entered into an agreement with the Utah Division of Water Quality to issue taxable Wastewater Revenue Bonds in the amount of \$10,000,000 to fund improvements at the wastewater treatment plant in Provo. Draws will occur over several years as construction progresses on the wastewater treatment plant. During fiscal 2024, the city did not make any additional draws but anticipates drawing the remaining \$1,855,621 of the available \$10,000,000 in fiscal 2025. The outstanding principal balance as of June 30, 2024, is \$8,144,379. The bonds have been issued for business-type activities.

In April of 2023, the City entered into an agreement with the Utah Division of Water Quality to issue taxable Water Revenue Bonds in the amount of \$36,750,000 to fund a water treatment plant and related infrastructure in Provo. Draws will occur over several years as construction progresses on the water treatment plant. During fiscal 2024, the city drew \$150,000 of the available \$36,750,000. Construction draws will begin in fiscal 2025. The outstanding principal balance as of June 30, 2024, is \$150,000. The bonds have been issued for business-type activities.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 8– LONG-TERM DEBT (Continued)

Notes Payable

Outstanding notes payable were originally issued in the amount of \$10,149,553 for business-type activities and \$2,500,000 for governmental activities. As of June 30, 2024, the outstanding notes payable principal balances were \$5,229,733 for business-type activities and \$1,295,000 for governmental-type activities.

Subscription-Based Information Technology Arrangements

Outstanding subscription-based information technology arrangement liabilities were originally recorded in the amount of \$1,505,934 for governmental activities. As of June 30, 2024, the outstanding subscription-based information technology arrangements payable balance was \$312,753 for governmental-type activities.

Conduit Debt

In April of 2007, \$10,750,000 of Education bonds were issued in the name of the City to construct a new education facility located in Provo. The borrower is the Provo Freedom Academy. The outstanding balance on June 30, 2024, is \$6,950,000.

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.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 8– LONG-TERM DEBT (Continued)

Outstanding Principal and Interest Obligations:

Governmental activities

	G.O. Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 4,640,000	\$ 3,050,706	\$ 3,011,000	\$ 375,741
2026	4,870,000	2,818,706	3,170,000	214,343
2027	5,120,000	2,575,206	125,000	44,389
2028	5,370,000	2,319,206	130,000	39,551
2029	5,640,000	2,050,706	135,000	34,520
2030-2034	26,215,000	6,339,850	757,000	90,094
2035-2039	21,275,000	2,423,188	-	-
	<u>\$ 73,130,000</u>	<u>\$ 21,577,568</u>	<u>\$ 7,328,000</u>	<u>\$ 798,638</u>

	Notes Payable		Total	
	Principal	Interest	Principal	Interest
2025	\$ 252,000	\$ 64,750	\$ 7,903,000	\$ 3,491,197
2026	255,000	52,150	\$ 8,295,000	\$ 3,085,199
2027	259,000	39,400	\$ 5,504,000	\$ 2,658,995
2028	262,000	26,450	\$ 5,762,000	\$ 2,385,207
2029	267,000	13,350	\$ 6,042,000	\$ 2,098,576
2030-2034	-	-	\$ 26,972,000	\$ 6,429,944
2035-2039	-	-	\$ 21,275,000	\$ 2,423,188
	<u>\$ 1,295,000</u>	<u>\$ 196,100</u>	<u>\$ 81,753,000</u>	<u>\$ 22,572,306</u>

Current Portion	
Bonds	\$ 7,651,000
Leases	597,634
Notes	252,000
Total Current portion	<u>8,500,634</u>
Long-term Portion	
Bonds	72,807,000
Leases	671,786
Notes	1,043,000
Subscription-Based IT Arrangements	312,753
Total Long-term portion	<u>74,834,539</u>
Total Current and Long-Term	83,335,173
Unamortized amounts-premium (discount)	6,484,084
Grand Total	<u>\$ 89,819,257</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 8 - LONG TERM DEBT (Continued)

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

Business-type activities

	Revenue Bond		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,245,000	\$ 1,417,562	\$ 2,036,957	\$ 41,315	\$ 4,281,957	\$ 1,458,877
2026	2,457,140	1,331,422	2,053,048	25,223	\$ 4,510,188	1,356,645
2027	5,952,648	1,222,121	1,139,728	9,005	\$ 7,092,376	1,231,126
2028	6,042,685	1,116,114	-	-	\$ 6,042,685	1,116,114
2029	6,836,884	1,003,691	-	-	\$ 6,836,884	1,003,691
2030-2034	36,007,968	3,313,256	-	-	\$ 36,007,968	3,313,256
2035-2039	25,101,939	829,458	-	-	\$ 25,101,939	829,458
2040-2044	18,829,553	179,855	-	-	\$ 18,829,553	179,855
2045-2049	530,096	3,000	-	-	\$ 530,096	3,000
2050-2054	28,996	1,174	-	-	\$ 28,996	1,174
2055	5,971	60	-	-	\$ 5,971	60
	<u>\$ 104,038,879</u>	<u>\$ 10,417,713</u>	<u>\$ 5,229,733</u>	<u>\$ 75,543</u>	<u>\$ 109,268,613</u>	<u>\$ 10,493,256</u>

Current Portion

Bonds	\$ 2,245,000
Leases	204,390
Notes	2,036,957
Total Current Portion	<u>4,486,347</u>

Long-term Portion

Bonds	101,793,879
Leases	185,495
Notes	3,192,776
Total Long-Term Portion	<u>105,172,150</u>
Total Current and Long-Term	<u>109,658,497</u>
Unamortized amounts-premium (discount)	2,105,494
Grand Total	<u>\$ 111,763,991</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 8 - LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Increases	(Decreases)	Balance June 30, 2024	Amount Due 2025
Governmental activities					
Bonds Payable:					
General Obligation Bonds:					
G.O. Refunding Bond Series 2017	\$ 20,965,000	\$ -	\$ (1,900,000)	\$ 19,065,000	\$ 1,995,000
G.O. Refunding Bond Series 2017 unamortized	3,298,367	-	(387,357)	2,911,010	-
G.O. City Facilities Bond Series 2019	56,580,000	-	(2,515,000)	54,065,000	2,645,000
G.O. City Facilities Bond Series 2019 unamortized	3,839,149	-	(246,013)	3,593,136	-
Revenue Bonds:					
Telecom 2004 Sales Tax Bonds (2.54-5.42%)	8,690,000	-	(2,745,000)	5,945,000	2,895,000
Telecom 2004 Sales Tax Bonds unamortized	(30,094)	-	10,031	(20,063)	-
2014 Cemetery Bond	1,495,000	-	(112,000)	1,383,000	116,000
Total Governmental Fund Bonds	<u>94,837,422</u>	<u>-</u>	<u>(7,895,339)</u>	<u>86,942,083</u>	<u>7,651,000</u>
Note Payable - Section 108	1,679,000	-	(384,000)	1,295,000	252,000
Leases	1,852,935	-	(583,515)	1,269,420	597,634
Subscription Based IT Arrangements	613,477	-	(300,724)	312,753	325,263
Accrued Compensated Absences	5,438,367	2,094,700	(1,631,510)	5,901,557	1,770,467
Total Governmental activity					
Long-term liabilities	<u>\$104,421,201</u>	<u>\$ 2,094,700</u>	<u>\$(10,795,088)</u>	<u>\$ 95,720,813</u>	<u>\$ 10,596,364</u>
	Balance June 30, 2023	Increases	(Decreases)	Balance June 30, 2024	Amount Due 2025
Business-type activities					
Revenue Bonds:					
Stormwater 2010B Taxable BAB (4.38-5.0%)	\$ 710,000	\$ -	\$ (710,000)	\$ -	\$ -
2010 unamortized	563	-	(563)	-	-
Water Revenue Bonds 2015A (2.0-4.0%)	7,435,000	-	(510,000)	6,925,000	525,000
2015A unamortized	776,062	-	(66,998)	709,064	-
Wastewater Revenue Bonds 2015A (2.0-4.0%)	6,195,000	-	(425,000)	5,770,000	435,000
2015A unamortized	650,154	-	(56,128)	594,026	-
Energy System Revenue Bonds 2015A (2.0-3.25%)	13,240,000	-	(885,000)	12,355,000	930,000
2015A unamortized	519,388	-	(44,839)	474,549	-
Airport Sales Tax Revenue Bonds 2017 (2.0-4.25%)	3,985,000	-	(290,000)	3,695,000	305,000
2017 unamortized	361,902	-	(34,047)	327,855	-
Wastewater Taxable Revenue Bonds 2020 (0.5%)	66,999,500	-	-	66,999,500	50,000
Wastewater Taxable Revenue Bonds 2022 (0.5%)	8,144,379	-	-	8,144,379	-
Water Taxable Revenue Bonds 2023 (1.0%)	150,000	-	-	150,000	-
Total Business-type Bonds	<u>109,166,948</u>	<u>-</u>	<u>(3,022,575)</u>	<u>106,144,373</u>	<u>2,245,000</u>
Note Payable - Airport	10,149,553	-	(4,919,820)	5,229,733	2,036,957
Leases	581,503	-	(191,618)	389,885	204,389
Accrued Compensated Absences	1,868,422	682,413	(560,526)	1,990,308	597,092
Total Business-type					
Long-term liabilities	<u>\$121,766,426</u>	<u>\$ 682,413</u>	<u>\$(8,694,539)</u>	<u>\$ 113,754,299</u>	<u>\$ 5,083,438</u>

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$204,360 of internal service funds compensated absences were included in the above amounts. Also, governmental activities, claims and judgments and compensated absences have generally been liquidated by the general fund in prior years.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 9 - DUE TO AND DUE FROM AND INTERFUND TRANSFERS

As of June 30, 2024, Provo City has six interfund loans. Two loans are funding improvements at the Golf Course, two loans are covering costs at the Airport, one loan is paying for a human resources software implementation, and one loan is paying for a road by the Regional Sports Park. In addition to interfund loans, due to/due from transactions allowed the Energy fund to provide temporary cash to the Airport, Parks & Rec CIP, and Wastewater funds due to cash flow constraints in these areas during fiscal year 2024.

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>					
General Fund	Golf Course Fund	\$ 2,029,396	Debt Service Fund	Energy Fund	\$ 458,803
Parks & Rec CIP Fund	Golf Course Fund	326,571	Engineering CIP Fund	Energy Fund	2,820,600
Total Due General Fund		2,355,967	Parks & Rec CIP Fund	Energy Fund	5,781,174
Total Due Governmental Funds		\$ 2,355,967	Total Payable by Governmental Funds		\$ 9,060,577
<u>Receivable Fund</u>	<u>Payable Fund</u>		<u>Payable Fund</u>	<u>Receivable Fund</u>	
<u>ENTERPRISE FUNDS</u>					
Energy Fund	Airport Fund	\$ 8,502,745	Golf Course Fund	General Fund	\$ 2,029,396
Energy Fund	Debt Service Fund	458,803	Golf Course Fund	Parks & Rec CIP Fund	326,571
Energy Fund	Engineering CIP Fund	2,820,600	Airport Fund	Energy Fund	8,502,745
Energy Fund	Parks & Rec CIP Fund	5,781,174	Wastewater Fund	Energy Fund	12,442,649
Energy Fund	Wastewater Fund	12,442,649			
Includes Current and Noncurrent			***Includes Current and Noncurrent***		
Total Due Enterprise Funds		\$ 30,005,971	Total Payable by Enterprise Funds		\$ 23,301,361
Total Receivable from other Funds		\$ 32,361,938	Total Payable to other Funds		\$ 32,361,938

Interfund Loans

Golf Course Loans: An interfund loan was made in fiscal year 2019 between the General fund and the Golf Course. The loan was for golf course improvements. The interfund loan is for 7 years at an annual interest rate of 3%. Repayment of the interfund loan will be made from tax increment from a housing development adjacent to the Golf Course.

A second interfund loan was made in fiscal year 2023 between the Parks & Recreation CIP Fund and the Golf Course fund to pay for a new golf cart storage shed. The interfund loan is also for 7 years but the annual interest rate is variable, based on the monthly Utah Public Treasurer’s Investment Fund rate. Repayment of the loan will come from golf course revenue.

Airport Loans: An interfund loan was made in fiscal year 2020 between the Energy Fund and the Airport Fund for the acquisition of land near the airport. This interfund loan will last for 10 years and has at a variable interest rate equal to the monthly Utah Public Treasurer’s Investment Fund rate.

A second interfund loan was made between the Energy Fund and Airport Fund in fiscal year 2022 to cover the cost of building the airport terminal while waiting for grant funding to come from the Mountainland Association of Governments (MAG). The loan will be fully repaid in fiscal year 2024. The loan has a variable interest rate equal to the monthly Utah Public Treasurer’s Investment Fund rate.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 9 - DUE TO AND DUE FROM AND INTERFUND TRANSFERS (Continued)

Debt Service Loan: An interfund loan was made in fiscal 2020 between the Energy Fund and the Debt Service Fund. The loan was for the purchase and implementation of human capital management software. The interfund loan is for 5 years at an interest rate of 2.5%. Repayment of the interfund loan is being facilitated by annual transfers from various funds to the Debt Service Fund. The funds making annual transfers include the General Fund, Water Fund, Wastewater Fund, Sanitation Fund, Storm Drain Fund, and Energy Fund.

Engineering CIP Loan: An interfund loan was made in fiscal year 2024 between the Energy Fund and the Engineering CIP Fund. The loan is helping to pay for the construction of a new road by Provo’s new Regional Sports Park. This interfund loan will last for 10 years and has at a variable interest rate equal to the monthly Utah Public Treasurer’s Investment Fund rate.

Transfers to/from Other Funds:

The City uses the transfer from the enterprise utility funds to the General Fund as a dividend to the taxpayers of Provo for their initial investment in establishing these enterprise funds (return on investment) and in the risk undertaken by the taxpayers in creating these utilities. The General fund and enterprise funds provide a transfer to the Debt Service fund for an ERP software system. The General Fund received taxes and intergovernmental revenue that were transferred to CIP funds. The General fund provides budgeted transfers to other funds to cover operational costs.

<u>Transfer to Governmental Funds</u>	<u>Transfer from</u>	
General Fund	Engineering CIP	\$ 50,000
General Fund	Water	1,785,660
General Fund	Wastewater	2,795,758
General Fund	Energy	7,797,278
General Fund	Sanitation	771,155
General Fund	Storm Drain	651,519
General Fund	Debt Service	315,000
General Fund	General CIP	90,658
Total transferred to General Fund		<u>\$ 14,257,029</u>

<u>Transfer from Governmental Funds</u>	<u>Transfer to</u>	
General Fund	Debt Service	\$ 235,138
General Fund	General CIP	51,000
General Fund	Parks CIP	2,715,933
General Fund	Golf	60,882
General Fund	Airport	665,325
General Fund	Customer Service	78,917
General Fund	Vehicle Replacement	504,766
General Fund	Facilities	645,136
Total transferred from General Fund		<u>\$ 4,957,096</u>

<u>Transfer to Other Governmental Funds</u>	<u>Transfer from</u>	
Debt Service	General Fund	235,138
Debt Service	Water	49,587
Debt Service	Wastewater	31,110
Debt Service	Energy	2,843,337
Debt Service	Sanitation	21,892
Debt Service	Storm Drain	14,979
Debt Service	Parks & Rec CIP	169,857
General CIP	General Fund	51,000
Parks CIP	General Fund	2,715,933
Total transferred to Other Gov. Funds		<u>6,132,833</u>

<u>Transfer from Other Governmental Funds</u>	<u>Transfer To</u>	
Debt Service	Vehicle Replacement	125,000
Debt Service	General Fund	315,000
General CIP	General Fund	90,658
Engineering CIP	General Fund	50,000
Engineering CIP	Airport	1,600,000
Parks & Rec CIP	Debt Service	169,857
Total transferred from Other Gov. Funds		<u>2,350,515</u>

Total transferred to Governmental Funds **\$ 20,389,862**

Total transferred from Governmental Funds **\$ 7,307,611**

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 9 - DUE TO AND DUE FROM AND INTERFUND TRANSFERS (Continued)

<u>Transfer To</u> <u>Internal Service Funds</u>	<u>Transfer From</u>	
Telecom Internal Service	Facilities	147,500
Computer Bank	Facilities	494,974
Facilities	General Fund	645,136
Customer Service	General Fund	78,917
Vehicle Replacement	General Fund	504,766
Vehicle Replacement	Debt Services	125,000
Total transferred to Internal Service Funds		<u>\$ 1,996,293</u>

<u>Transfer from</u> <u>Internal Service Funds</u>	<u>Transfer To</u>	
Facilities	Telecom Internal Service	\$ 147,500
Facilities	Computer Bank	\$ 494,974
Total transferred from Internal Service Funds		<u>\$ 642,474</u>

<u>Transfers to</u> <u>Enterprise Funds</u>	<u>Transfers from</u>	
Airport	General Fund	665,325
Airport	Engineering CIP	1,600,000
Golf	General Fund	60,882
Water	Wastewater	583,820
Total transferred to Enterprise Funds		<u>\$ 2,910,027</u>
Total transfers to all Funds		\$ 25,296,181
Total transfers from all Funds		<u>\$ 0</u>

<u>Transfers from</u> <u>Enterprise Funds</u>	<u>Transfers to</u>	
Water	General Fund	\$ 1,785,660
Water	Debt Service	49,587
Wastewater	General Fund	2,795,758
Wastewater	Debt Service	31,110
Wastewater	Water	583,820
Energy	General Fund	7,797,278
Energy	Debt Service	2,843,337
Sanitation	General Fund	771,155
Sanitation	Debt Service	21,892
Storm Drain	General Fund	651,519
Storm Drain	Debt Service	14,979
Total transferred from Enterprise Funds		<u>\$ 17,346,096</u>

*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 \$14,436,068 per the Statement of Activities.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 10 - CONTINGENT LIABILITIES

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

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

The City purchased 59.73 percent of the energy sold by Utah Municipal Power Agency (UMPA) to its member cities. The City is obligated to pay a proportionate share of all operating, maintenance, debt service and any other costs incurred by UMPA based on the City's energy purchases.

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

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

As of June 30, 2024, the City was involved in litigation dealing with three liability cases. It is the opinion of the City's legal department that the estimated City liability is up to \$500,000 if damages are awarded on the remaining cases.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 11 - JOINT VENTURES

The Utah Municipal Power Agency (UMPA) was created jointly as a separate legal entity and political subdivision of the State of Utah by an agreement dated September 17, 1980, pursuant to the provisions of the Utah Interlocal Cooperation Act. UMPA's membership consists of six municipalities. UMPA's purposes include planning, financing, development, acquisition, construction, improvement, betterment, operation or maintenance of projects for the generation, transmission and distribution of electric energy for the benefit of the member municipalities. The City purchased 59.73 percent of the energy sales of the Agency to member cities in the current fiscal year and 29.10 percent of all energy sales of the Agency. UMPA billed Provo City \$46,510,000 for energy.

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

UMPA is governed by a six-member board composed of the mayors from each participating city. Despite the imbalance in proportionate share of energy consumption, a majority vote is needed to approve any significant activity.

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

The South Utah Valley Solid Waste District (the District) was created May 11, 1989, for the purpose of building and operating a landfill and transfer station. The District's membership consists of seven municipalities. The City made an initial investment of \$4,651,000, or 54 percent of the costs, to construct the facilities.

Participants and their percentage shares

Springville City	15.00%
Provo City	69.75%
Spanish Fork City	11.75%
Mapleton City	2.00%
Salem City	1.50%
Woodland Hills	0.00%
Goshen Town	0.00%
	100.00%

A seven-member board composed of the mayors from each city governs the District. A voting majority of Provo City and at least one other board member or a voting majority of all board members excluding Provo City is needed to approve any significant activity. The City paid the District \$1,477,788 for user fees for the fiscal year ended June 30, 2024.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 11 - JOINT VENTURES (Continued)

Below is a summary of the financial position of the District as of June 30, 2024:

South Valley Solid Waste

At June 30, 2024

Total assets	\$ 56,901,273
Deferred outflows	562,707
Total liabilities	(40,117,103)
Deferred inflows	(5,140)
Total net position	<u>\$ 17,341,737</u>

For the Year Ended June 30, 2023

Total operating revenue	\$ 10,947,022
Total operating expenses	(11,374,359)
Nonoperating revenue and expense	<u>(5,299,986)</u>
Change in net position	<u>\$ (5,727,323)</u>

In fiscal 2024, the City made an entry of (\$3,994,808) to account for the city’s net gain/(loss). The City is currently showing an investment in this joint venture in the amount of \$12,095,862. The primary reason for the nonoperating expense of \$5,299,986 was related to road improvements that were made for the new transfer station that were deed over to Spanish Fork City.

Complete financial statements for the District may be obtained at South Utah Valley Solid Waste District, 518 West 3450 North, Spanish Fork, UT 84660.

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 \$157,624 for operating costs in fiscal 2024.

Complete financial statements for the District may be obtained at South Utah Valley Animal Services Special Service District, 582 West 3000 North, Spanish Fork, UT 84660.

The Provo City/Utah County Ice Sheet Authority was created March 19, 1996, as a joint venture between Provo City and Utah County for the purpose of financing, constructing, maintaining and operating an Olympic ice sheet to be constructed at the Seven Peaks property in Provo, Utah.

In June of 2018, the Ice Sheet Authority was dissolved, leaving Provo City the sole operator of the facility, with Utah County maintaining their ownership of a portion of the real property and being responsible for an annual contribution of \$50,000 until 2027.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 11 - JOINT VENTURES (Continued)

As of June 30, 2024, the portion of the real property Utah County owns is contractually valued at \$4,950,000. However, if the City sells the facility, Utah County's ownership interest may be satisfied by paying to the County the lesser of (a) \$4,950,000 and (b) half of the sale proceeds. Additionally, the value of the County's ownership interest may be reduced by 50% of the value of capital improvements financed by Provo City down to a minimum value of \$2,475,000. This value is only payable to the County at the end of 50 years or should the City decide to liquidate the property, which, for the foreseeable future, there are no plans to do.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description. In addition to the pension benefits described in Note 13, the City provides post-retirement health care and life insurance benefits in accordance with City policy, to all employees who retire from the City upon completing the requirements for the retirement plan participated in as detailed in Note 13. As of June 30, 2023, the latest actuarial valuation date, there were 31 retirees who meet those requirements. The post-retirement benefits plan is a single-employer defined benefit plan. The City pays the retirees' health care and life insurance premiums on a pay-as-you-go basis. As such, there are no assets accumulated in a GASB-compliant trust. 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 \$474,387 in premiums for retirees during the fiscal year ended June 30, 2024.

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

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

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 12 - 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 June 30, 2023, the latest actuarial valuation date, approximately 587 active employees (2 Pre-07/01/87 and 585 Post-07/01/87) and 31 inactive (retired) employees are receiving health insurance benefits from the City.

Actuarial methods and assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of events far in the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. In the June 30, 2024 fiscal year actuarial valuation report, the following assumptions were made:

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

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

Actuarial Assumptions

Liability Measurement Method	Valuation date June 30, 2024
Actuarial cost method	Present Value of Benefits
Amortization method	Straight-line
Discount rate	3.86%
Inflation rate	2.50%
Asset valuation method	N/A*
Interest rate	3.86%

	Valuation date June 30, 2024
Projected health insurance cost increases	7.6% for FY23-24
	6.9% for FY24-25
	6.3% for FY25-FY26
	5.6% for FY26-FY27
	4.9% for FY28-FY34
	3.9% for all future years
Projected dental cost increases	3.25% for all future years

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

Change in Total OPEB Liability

Net OPEB Liability

Total OPEB Liability at June 30, 2023	<u>\$ 3,739,526</u>
Activity during the year	
Service cost	62,934
Interest	44,453
Differences between expected and actual experience	344,479
Changes of assumptions	(42,978)
Benefit payments	<u>(802,250)</u>
Net Change	<u>(331,469)</u>
Total OPEB Liability at June 30, 2024	<u><u>\$ 3,408,057</u></u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

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

Sensitivity of the NET OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the OPEB Liability if it were calculated using a discount rate one-percentage-point higher (4.86%) and one-percentage-point lower (2.86%) than the current discount rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in Discount Rate (2.86%)	\$ 3,668,908	\$ -	\$ 3,668,908
Current Discount Rate (3.86%)	3,408,057	-	3,408,057
1% increase in Discount Rate (4.86%)	3,186,707	-	3,186,707

The following presents the OPEB Liability if it were calculated using a trend rate one-percentage-point higher and one-percentage-point lower than the current trend rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
1% decrease in Trend Rates	\$ 3,191,940	\$ -	\$ 3,191,940
Current Trend Rates	3,408,057	-	3,408,057
1% increase in Trend Rates	3,662,380	-	3,662,380

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Summary of Deferred Outflows/Inflows	<u>Outflows</u>	<u>Inflows</u>
A. Difference between expected and actual liability	\$ 510,736	\$ 572,188
B. Change of assumptions	318,583	448,598
C. Net difference between projected and actual investment earnings	-	-
D. Contributions between measurement date and reporting date	TBD	N/A
E. Total	<u>\$ 829,319</u>	<u>\$ 1,020,786</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended</u>	<u>Future recognition</u>
2025	\$ (20,270)
2026	(20,270)
2027	(13,213)
2028	(137)
2029	(33,034)
Thereafter	(104,543)
	<u>\$ (191,467)</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS

General Information About the Pension Plan

Plan Description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Public Employees Contributory Retirement System (Contributory System);
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system;
- Firefighters Retirement System (Firefighters System) is a multiple employer, cost sharing, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 Years	30 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 Years	20 years, any age 10 years, age 60 4 years, age 65	2.5 % per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Firefighters System	Highest 3 Years	20 years, any age 10 years, age 60 4 years, age 65	2.5 % per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.50% per year to June 2020; 2.00% per year July 2020 to present	Up to 2.5%

* Actuarial reductions are applied

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2024 are as follows:

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
Contributory System	6.00	13.96	-	111	-	17.77	0.18	211	-	7.95	10.00
11 Local Governmental Div - Tier 1											
Noncontributory System											
15 Local Governmental Division Tier 1	-	17.97	-	111	-	16.01	0.18	211	-	6.19	10.00
Public Safety Retirement System											
Noncontributory											
46 Provo with 2.5% COLA	-	42.23	-	122	2.59	33.69		222	-	19.69	14.00
Firefighter Retirement System											
32 Other Division B	16.71	6.34	-	132	2.59	14.08		232	-	0.08	14.00

**Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans

For fiscal year ended June 30, 2024, the employer and employee contributions to the system were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 3,027,705	-
Contributory System	12,848	5,522
Public Safety System	1,878,165	-
Firefighters System	263,031	693,250
Tier 2 Public Employees System	2,805,149	-
Tier 2 Public Safety and Firefighter	1,779,390	113,776
Tier 2 DC Only System	193,001	-
Tier 2 DC Public Safety and Firefighter System	106,780	-
Total Contributions	\$ 10,066,069	\$ 812,548

Contributions reported are the URS Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2024, we reported a net pension asset of \$17,378,570 and a net pension liability of \$8,254,686.

	(Measurement Date): December 31, 2023				Change (Decrease)/ Increase
	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share December 31, 2022	
Noncontributory System	\$ 4,684,985	\$ -	2.0197690%	1.9458219%	0.0739471%
Contributory System	123,710	-	1.4987203%	1.8395722%	-0.3408519%
Public Safety System	10,774,929	-	100.0000000%	100.0000000%	- %
Firefighters System	-	8,254,686	4.8599601%	4.7906658%	0.0692943%
Tier 2 Public Employees System	1,228,251	-	0.6310433%	0.6045963%	0.0264470%
Tier 2 Public Safety and Firefighter	566,695	-	1.5043975%	1.5863797%	-0.0819822%
	\$ 17,378,570	\$ 8,254,686			

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2024, we recognized pension expense of \$6,113,504.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,123,378	\$ 232,679
Changes in assumptions	3,074,046	12,599
Net difference between projected and actual earnings on pension plan investments	3,174,354	-
Changes in proportion and differences between contributions and proportionate share of contributions	202,183	218,552
Contributions subsequent to the measurement date	5,053,867	-
	\$ 17,627,828	\$ 463,830

\$5,053,867 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 3,312,652
2025	\$ 2,555,199
2026	\$ 6,243,284
2027	\$ (1,167,433)
2028	\$ 176,643
Thereafter	\$ 989,787

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of \$3,143,314.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,280,481	\$ -
Changes in assumptions	1,405,865	-
Net difference between projected and actual earnings on pension plan investments	1,523,515	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	51,213
Contributions subsequent to the measurement date	1,467,819	-
	\$ 7,677,680	\$ 51,213

\$1,467,819 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 2,008,707
2025	\$ 1,925,510
2026	\$ 2,864,314
2027	\$ (639,882)
2028	\$ -
Thereafter	\$ -

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

Contributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of (\$36,599).

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	55,667	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
	<u>\$ 55,667</u>	<u>\$ -</u>

\$0 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ (69,161)
2025	\$ 5,156
2026	\$ 149,857
2027	\$ (30,184)
2028	\$ -
Thereafter	\$ -

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of \$2,317,644.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,616,490	\$ 173,880
Changes in assumptions	361,141	-
Net difference between projected and actual earnings on pension plan investments	688,466	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	925,696	-
	<u>\$ 3,591,793</u>	<u>\$ 173,880</u>

\$925,696 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 1,277,915
2025	\$ 112,697
2026	\$ 1,416,773
2027	\$ (315,168)
2028	\$ -
Thereafter	\$ -

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of (\$1,637,055).

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 529,973	\$ -
Changes in assumptions	191,098	-
Net difference between projected and actual earnings on pension plan investments	708,708	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,567	124,168
Contributions subsequent to the measurement date	131,394	-
	<u>\$ 1,569,740</u>	<u>\$ 124,168</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

\$131,394 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ (73,829)
2025	\$ 278,729
2026	\$ 1,418,709
2027	\$ (309,431)
2028	\$ -
Thereafter	\$ -

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of \$1,603,385.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 393,400	\$ 20,114
Changes in assumptions	703,045	971
Net difference between projected and actual earnings on pension plan investments	138,698	-
Changes in proportion and differences between contributions and proportionate share of contributions	149,127	27,785
Contributions subsequent to the measurement date	1,529,528	-
	<u>\$ 2,913,798</u>	<u>\$ 48,870</u>

\$1,529,528 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources	
2024	\$	115,085
2025	\$	164,005
2026	\$	282,041
2027	\$	91,070
2028	\$	123,771
Thereafter	\$	559,428

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, we recognized pension expense of \$722,814.

At June 30, 2024, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 303,034	\$ 38,685
Changes in assumptions	412,897	11,628
Net difference between projected and actual earnings on pension plan investments	59,301	-
Changes in proportion and differences between contributions and proportionate share of contributions	44,489	15,386
Contributions subsequent to the measurement date	999,430	-
	<u>\$ 1,819,151</u>	<u>\$ 65,699</u>

\$999,430 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources	
2024	\$	53,936
2025	\$	69,102
2026	\$	111,591
2027	\$	36,162
2028	\$	52,872
Thereafter	\$	430,359

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 – 9.5 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	6.87%	2.40%
Debt securities	20.00%	1.54%	0.31%
Real assets	18.00%	5.43%	0.98%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	3.86%	0.58%
Cash and cash equivalents	0.00%	0.24%	0.00%
Totals	100.00%		5.45%
	<u>Inflation</u>		<u>2.50%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.95%</u>

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 24,314,823	\$ 4,684,985	\$ (11,753,673)
Contributory System	748,428	123,710	(408,133)
Public Safety System	21,731,962	10,774,929	1,821,072
Firefighters System	56,831	(8,254,686)	(15,092,337)
Tier 2 Public Employees System	4,220,094	1,228,251	(1,091,923)
Tier 2 Public Safety and Firefighter	1,825,908	566,695	(440,698)
Total	\$ 52,898,046	\$ 9,123,884	\$ (26,965,692)

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

Defined Contributions Savings Plans

The Defined Contributions Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in separately issued URS financial report.

Provo City Corp participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 13 - RETIREMENT PLANS (Continued)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30th, were as follows:

	2024		2023		2022	
401(k) Plan						
Employer Contributions	\$	1,417,247	\$	1,273,981	\$	1,161,193
Employee Contributions	\$	1,791,575	\$	1,680,524	\$	1,592,696
457 Plan						
Employer Contributions	\$	-	\$	-	\$	-
Employee Contributions	\$	440,644	\$	435,012	\$	363,730
Roth IRA Plan						
Employer Contributions		N/A		N/A		N/A
Employee Contributions	\$	363,995	\$	293,672	\$	248,803
Traditional IRA						
Employer Contributions		N/A		N/A		N/A
Employee Contributions	\$	2,215	\$	13,820	\$	7,375

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 14 - RESTRICTIONS ON FUND BALANCES AND NET POSITION

General Fund and Debt Service Funds

State statutes allow the use of accumulated fund balance of the General Fund for the following: (1) to finance operations from the beginning of a fiscal year until revenue is collected, (2) to meet emergency expenditures resulting from natural disasters, and (3) to cover unanticipated deficits in future years. Also, the Class “C” Road Grant monies are designated for certain road uses by Utah State law. Any fund balance in the Debt Service funds after retirement of all general long-term debt must be transferred to the General Fund.

Restricted Net Position

In the government-wide financial statements, GASB No. 34 requires the City to separately report certain restricted assets, revenues, and balances. Net position should be reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislations.

The restricted net position for the City is as follows:

	Governmental Activities	Business type Activities
Restricted for capital projects	\$ 8,397,406	\$ 1,914,840
Restricted for debt service	1,921,132	2,269,922
Restricted for pensions	8,254,686	-
	\$ 18,573,224	\$ 4,184,762

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

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

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

	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	\$ 138,622	\$ -	\$ 138,622
Deposits	11,836	-	11,836
Interfund loan	2,029,396	-	2,029,396
Tax Increment		1,599,891	1,599,891
Restricted for:			
Road Projects	5,287,774	-	5,287,774
Reserve fund - Duncan Aviation Infrastructure Project	302,000	-	302,000
ARPA - General Fund	64,624	-	64,624
Disaster Recovery Fund	1,772,069	-	1,772,069
Debt Service	-	10,848,888	10,848,888
Parks Improvements	-	4,051,231	4,051,231
General CIP	-	5,805,847	5,805,847
Engineering CIP	-	8,230,716	8,230,716
Redevelopment	-	29,328,157	29,328,157
Assigned:			
Council	89,530	-	89,530
Mayor's Office	34,972	-	34,972
Finance	5,012	-	5,012
Recorder	-	-	-
Information Systems	100,000	-	100,000
Streets	15,989	-	15,989
Development Services	162,404	-	162,404
Economic Development	1,242,859	-	1,242,859
General Services	4,020,367	-	4,020,367
Parks	228,706	-	228,706
Police	5,000	-	5,000
Fire	-	-	-
Engineering	-	-	-
Legal	-	-	-
Dispatch	292,519	-	292,519
Justice Court	-	-	-
Covey Center	-	-	-
Library		1,564,278	1,564,278
Rental Rehab		3,485	3,485
Special Purpose Grants		435,640	435,640
New Development		147,951	147,951
Unassigned:			
General	24,516,933	-	24,516,933
	<u>\$ 40,320,611</u>	<u>\$ 62,016,083</u>	<u>\$ 102,336,694</u>

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 15 – MAJOR UTILITY CUSTOMER

The City, through its Energy Fund and Water Fund, delivers power and water to a major customer. The gross sales to this customer approximate 12.10 percent of the gross energy dollar sales and 1.61 percent of gross water dollar sales.

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 30 and after public hearings. The operating budget includes proposed expenditures and revenue sources. Amendments to the annual budget are made throughout the fiscal year by resolution of the Provo Municipal Council after a public hearing.

Budgetary control is maintained at the department level for the General Fund and at the fund level for all other funds. The Department Head may transfer from one category to another upon review and approval of the Budget Officer. Budgets cannot be transferred between funds without Municipal Council approval.

Encumbrance accounting is used by the City to assure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end. Encumbered amounts carry over to the subsequent year. The budget in all funds is reduced at year-end by the amount of the reserve for encumbrances and is added to the ensuing year with administrative approval.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances.

Capital project funds are budgeted on a project basis. However, unused appropriations are transferred forward into the new fiscal year as approved by the Municipal Council in the original budget resolution.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

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

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

	<u>Governmental Funds</u>	<u>Reported in Fund statements</u>	<u>Internal service Funds</u>	<u>Government-Wide Total</u>
Statement of Net Position:				
Capital assets	\$ 680,066,046	\$ -	\$ 61,560,403	\$ 741,626,449
Accumulated depreciation	(242,694,249)	-	(43,344,274)	(286,038,523)
Net	\$ 437,371,797 *	\$ -	\$ 18,216,129	\$ 455,587,926 **
Accrued compensated absences (includes current portion)	\$ 5,697,197 *	\$ -	\$ 204,360	\$ 5,901,557 **
Amortization of loss on refunding				
Net pension assets and liabilities (includes deferred inflows and outflows related to pensions)	\$ 6,355,930 *	\$ -	\$ 270,726	\$ 6,626,656 **
Net OPEB payable (includes deferred inflows and outflows related to OPEB)	\$ (2,522,881) *	\$ -	\$ (171,406)	\$ (2,694,287) **
Bonds & Leases payable	\$ 88,549,837 *	\$ -	\$ 1,269,420	\$ 89,819,257 **
Statement of Activities:				
Capital outlay	\$ 7,263,419			
Depreciation	(21,100,419)			
Net	\$ (13,837,000) ***			

*Reported on reconciliation of the balance sheet for governmental funds to Statement of Net Position.

**Reported on the Statement of Net Position in the governmental funds column.

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

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

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:

	Beginning Accrued	Cash Paid	Expensed	Amortization Bond Premium	Ending Accrued
Governmental funds	\$ 1,637,317	\$ 3,424,623	\$ (2,960,550)	\$ (623,337)	\$ 1,478,053
Enterprise funds	739,909	2,298,571	(2,065,217)	(202,575)	770,688
Total	\$ 2,377,226	\$ 5,723,194	\$ (5,025,767)	\$ (825,912)	\$ 2,248,741

NOTE 19 – FEDERAL FUNDING RELATED TO COVID-19

In response to the COVID-19 Pandemic, the federal government provided several funding opportunities to local government entities. Specifically, Provo City received an allocation from the American Rescue Plan Act (ARPA).

On June 17, 2021, the City received its first of two \$16,940,349 installments from the ARPA State and Local Fiscal Recovery Fund (SLFRF). On June 27, 2022, the City received its second installment of \$16,940,349.

As of June 30, 2022, all revenue had been recognized in the General Fund. As of June 30, 2023 100% of the total was appropriated for specific uses and transferred to other funds, as designated by the Municipal Council. Of the \$33,880,698 of appropriated ARPA funding, \$32,514,780 has been spent as of June 30, 2024.

Fiscal Year	ARPA SLFRF Awarded	Revenue Recongized	Appropriated	Expended
FY21	\$ 16,940,349	\$ 16,940,349	\$ -	\$ -
FY22	16,940,349	16,940,349	566,469	489,077
FY23	-	-	33,314,229	8,099,758
FY24	-	-	-	23,925,945
Total	\$ 33,880,698	\$ 33,880,698	\$ 33,880,698	\$ 32,514,780

The appropriated and expended amounts are broken down by project in the table below:

Fiscal Year	Appropriated Fund	Project Description	Amount Appropriated	Amount Expended as of 06/30/2022	Amount Expended as of 06/30/2023	Amount Expended as of 06/30/2024	Total Remaining
FY22	General Fund	Payroll (FY22)	\$ 481,469	\$ 446,405	\$ -	\$ -	\$ 35,064
FY22	General Fund	Behavioral Wellness	85,000	42,672	12,768	-	29,560
FY23	General Fund	Payroll (FY23)	541,488	-	541,488	-	0
FY23	General Fund	Water Conservation	57,635	-	-	57,185	450
FY23	General CIP Fund	Fire Station #1	1,850,000	-	190,604	1,659,396	-
FY23	General CIP Fund	City Hall Demolition	2,650,000	-	857,342	491,814	1,300,844
FY23	Parks & Rec CIP Fund	Regional Sports Park	5,500,000	-	598,156	4,901,844	-
FY23	Water Fund	Water Treatment Plant	19,715,106	-	4,065,776	15,649,330	-
FY23	Wastewater Fund	Wastewater Plant	3,000,000	-	1,833,624	1,166,376	-
			\$ 33,880,698	\$ 489,077	\$ 8,099,758	\$ 23,925,945	\$ 1,365,918

The City must encumber all SLFRF funds by December 31, 2024 and spend the funds by December 31, 2026.

PROVO CITY CORPORATION
Notes to the Financial Statements
June 30, 2024

NOTE 20 TAX ABATEMENT

As of June 30, 2024, the City was under contract to release sales tax revenue to four entities. The amount of the tax rebate (abatement) is based on the provisions stated in written agreements between the City and the outside entities. In general, the agreements stem from an entity requesting that the City reimburse a portion of their sales tax contribution to help offset the cost of improvements that would in turn lead to higher sales tax revenue generation. The following table details which entities are eligible for sales tax abatement, how much they have already received as of June 30, 2024, the maximum total amount they can receive, and the agreements' expiration dates.

Sales Tax Abatement	Sales Tax Abated FY24	Sales Tax Abated in Prior Years	Total Max Sales Tax Abatement	Abatement Expiration Date
East Bay Shopping Center	\$ 59,113	\$ 181,985	\$ 1,500,000	6/11/2028
Days Family Market	13,885	37,325	1,300,000	3/21/2029
Parkway Village Shopping Center	84,794	145,806	1,260,000	1/1/2027
Shops at the Riverwoods	41,979	33,829	1,500,000	9/30/2036

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

	Noncontributory Retirement System	Contributory Retirement System	Public Safety Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighter Retirement System
12/31/2023						
Proportion of the net pension liability (asset)	2.0197690%	1.4987203%	100.0000000%	4.8599601%	0.6310433%	1.5043975%
Proportionate share of the net pension liability (asset)	\$4,684,985	\$123,710	\$10,774,932	(\$8,254,686)	\$1,228,251	\$566,695
Covered payroll	\$16,967,227	\$201,649	\$4,627,877	\$4,039,410	\$16,314,284	\$5,700,151
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.61%	61.35%	232.83%	-204.35%	7.53%	9.94%
Plan fiduciary net position as a percentage of the total pension liability	96.90%	98.20%	87.00%	113.31%	89.58%	89.10%
12/31/2022						
Proportion of the net pension liability (asset)	1.9458219%	1.8395722%	100.0000000%	4.7906658%	0.6045963%	1.5863797%
Proportionate share of the net pension liability (asset)	\$3,332,704	\$189,195	\$8,985,869	(\$6,029,980)	\$658,341	\$132,343
Covered payroll	\$15,952,330	\$258,378	\$4,604,055	\$3,927,219	\$13,182,617	\$4,880,875
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.89%	73.22%	195.17%	-153.54%	4.99%	2.71%
Plan fiduciary net position as a percentage of the total pension liability	189.1%	97.7%	88.2%	110.3%	92.3%	96.4%
12/31/2021						
Proportion of the net pension liability (asset)	2.0595306%	1.6733285%	100.0000000%	4.6831313%	0.5879997%	1.5250467%
Proportionate share of the net pension liability (asset)	(\$11,795,152)	(\$1,211,394)	\$4,336,974	(\$12,667,516)	(\$248,863)	(\$77,079)
Covered payroll	\$16,711,355	\$245,781	\$4,422,715	\$3,833,292	\$10,912,389	\$3,646,927
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-70.58%	-492.88%	98.06%	-330.46%	-2.28%	-2.11%
Plan fiduciary net position as a percentage of the total pension liability	211.4%	115.9%	94.3%	122.9%	103.8%	102.8%
12/31/2020						
Proportion of the net pension liability (asset)	2.0824231%	1.5342633%	100.0000000%	4.6162168%	0.6014344%	1.6176506%
Proportionate share of the net pension liability (asset)	\$1,068,164	(\$274,974)	\$8,625,453	(\$6,219,657)	\$86,503	\$145,095
Covered payroll	\$16,992,633	\$253,084	\$4,609,617	\$3,810,483	\$9,617,179	\$3,220,867
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	6.29%	-108.65%	187.12%	-163.22%	0.90%	4.50%
Plan fiduciary net position as a percentage of the total pension liability	193.5%	103.9%	88.0%	112.0%	98.3%	93.1%
12/31/2019						
Proportion of the net pension liability (asset)	2.0998955%	1.7045925%	100.0000000%	4.9577383%	0.6522524%	1.5314144%
Proportionate share of the net pension liability (asset)	\$7,914,230	\$111,713	\$10,274,637	(\$3,100,140)	\$146,696	\$144,052
Covered payroll	\$17,078,411	\$305,451	\$4,646,367	\$4,077,669	\$9,064,975	\$2,523,967
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.34%	36.57%	221.13%	-76.03%	1.62%	5.71%
Plan fiduciary net position as a percentage of the total pension liability	93.7%	98.6%	84.8%	105.8%	96.5%	89.6%

Schedule continues on next page

PROVO CITY CORPORATION
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (CONTINUED)

	12/31/2018					
Proportion of the net pension liability (asset)	2.0841620%	1.5861985%	100.0000000%	5.0455792%	0.6749052%	1.5505388%
Proportionate share of the net pension liability (asset)	\$15,347,193	\$643,684	\$15,111,748	\$2,039,181	\$289,047	\$38,850
Covered payroll	\$16,801,786	\$296,889	\$4,650,065	\$4,128,006	\$7,879,480	\$2,074,809
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	91.34%	216.81%	324.98%	49.40%	3.67%	1.87%
Plan fiduciary net position as a percentage of the total pension liability	87.0%	91.2%	77.1%	96.1%	90.8%	95.6%
12/31/2017						
Proportion of the net pension liability (asset)	2.1267511%	2.0850282%	100.0000000%	4.9111599%	0.6631815%	1.6585203%
Proportionate share of the net pension liability (asset)	\$9,317,934	\$169,667	\$11,389,861	(\$1,101,747)	\$58,471	(\$19,190)
Covered payroll	\$17,316,192	\$423,086	\$4,108,469	\$4,108,469	\$6,484,779	\$1,750,341
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.81%	40.10%	236.70%	-26.82%	90.00%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	98.2%	82.0%	102.3%	97.4%	103.0%
12/31/2016						
Proportion of the net pension liability (asset)	2.1822782%	1.8155608%	100.0000000%	5.0994441%	0.6689307%	1.5262833%
Proportionate share of the net pension liability (asset)	\$14,012,897	\$595,706	\$13,875,843	\$754,297	\$74,619	(\$13,249)
Covered payroll	\$18,185,440	\$435,624	\$5,267,716	\$4,407,334	\$5,485,753	\$1,261,049
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.06%	136.75%	263.41%	17.11%	1.36%	-1.05%
Plan fiduciary net position as a percentage of the total pension liability	87.3%	92.9%	77.0%	98.4%	95.1%	103.6%
12/31/2015						
Proportion of the net pension liability (asset)	2.1822455%	1.0617200%	100.0000000%	5.0713442%	0.6570717%	1.4249791%
Proportionate share of the net pension liability (asset)	\$12,348,206	\$746,235	\$12,665,826	\$862,931	(\$1,434)	(\$20,819)
Covered payroll	\$17,950,299	\$452,385	\$5,202,897	\$4,276,730	\$4,245,056	\$848,128
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	68.79%	164.96%	243.44%	20.18%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of the total pension liability	87.8%	85.7%	85.7%	98.1%	100.2%	110.7%
12/31/2014						
Proportion of the net pension liability (asset)	2.2072622%	1.3182415%	100.0000000%	5.1142778%	0.6701126%	1.3192614%
Proportionate share of the net pension liability (asset)	\$9,584,452	\$380,238	\$10,123,567	(\$562,814)	(\$20,307)	(\$19,516)
Covered payroll	\$18,384,516	\$706,458	\$5,316,646	\$4,275,471	\$3,288,937	\$545,260
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.1%	53.8%	190.4%	-13.2%	-6.0%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	94.0%	80.9%	101.3%	103.5%	120.5%

Note:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

PROVO CITY CORPORATION
Required Supplementary Information
Schedule of Pension Contributions

	As of fiscal year ended June 30,	Contributions in relation to the			Contributions as a percentage of covered payroll	
		Actuarial Determined Contributions	contractually required contribution	Contribution deficiency (excess)	Covered payroll	percentage of covered payroll
Noncontributory System	2015	\$ 3,309,380	\$ 3,309,380	\$ -	\$ 18,122,293	18.26%
	2016	3,242,929	3,242,929	-	17,778,328	18.24%
	2017	3,175,636	3,175,636	-	17,385,523	18.27%
	2018	3,237,084	3,237,084	-	17,759,198	18.23%
	2019	3,045,195	3,045,195	-	16,780,978	18.15%
	2020	3,147,981	3,147,981	-	17,345,163	18.15%
	2021	3,042,771	3,042,771	-	16,736,818	18.18%
	2022	2,946,991	2,946,991	-	16,198,829	18.19%
	2023	2,905,232	2,905,232	-	16,373,786	17.74%
	2024	3,027,705	3,027,705	-	17,035,414	17.77%
Contributory System	2015	\$ 80,593	\$ 80,593	\$ -	\$ 557,348	14.46%
	2016	62,853	62,853	-	434,665	14.46%
	2017	61,405	61,405	-	424,654	14.46%
	2018	54,542	54,542	-	377,195	14.46%
	2019	43,711	43,711	-	302,289	14.46%
	2020	42,019	42,019	-	291,285	14.43%
	2021	34,131	34,131	-	236,037	14.46%
	2022	36,181	36,181	-	250,210	14.46%
	2023	34,260	34,260	-	245,415	13.96%
	2024	12,848	12,848	-	92,035	13.96%
Public Safety System	2015	\$ 2,202,167	\$ 2,202,167	\$ -	\$ 5,255,061	41.91%
	2016	2,150,772	2,150,772	-	5,134,109	41.89%
	2017	2,084,121	2,084,121	-	4,982,372	41.83%
	2018	2,042,321	2,042,321	-	4,887,118	41.79%
	2019	1,949,621	1,949,621	-	4,686,538	41.60%
	2020	1,904,193	1,904,193	-	4,585,560	41.53%
	2021	1,882,229	1,882,229	-	4,600,958	40.91%
	2022	1,786,879	1,786,879	-	4,468,558	39.99%
	2023	1,802,618	1,802,618	-	4,513,505	39.94%
	2024	1,878,165	1,878,165	-	4,677,015	40.16%
Firefighters System	2015	\$ 281,608	\$ 281,608	\$ -	\$ 4,275,577	6.59%
	2016	291,375	291,375	-	4,312,798	6.76%
	2017	275,436	275,436	-	4,135,687	6.66%
	2018	286,169	286,169	-	4,271,188	6.70%
	2019	298,167	298,167	-	4,118,308	7.24%
	2020	288,765	288,765	-	3,991,095	7.24%
	2021	270,347	270,347	-	3,734,081	7.24%
	2022	281,841	281,841	-	3,892,734	7.24%
	2023	246,773	246,773	-	3,954,624	6.24%
	2024	263,031	263,031	-	4,148,671	6.34%
Tier 2 Public Employees System*	2015	\$ 570,472	\$ 570,472	\$ -	\$ 3,819,378	14.94%
	2016	699,870	699,870	-	4,694,723	14.91%
	2017	870,702	870,702	-	5,838,290	14.91%
	2018	1,121,795	1,121,795	-	7,424,190	15.11%
	2019	1,321,048	1,321,048	-	8,500,950	15.54%
	2020	1,487,051	1,487,051	-	9,495,853	15.66%
	2021	1,576,299	1,576,299	-	9,976,572	15.80%
	2022	1,913,166	1,913,166	-	11,905,017	16.07%
	2023	2,368,277	2,368,277	-	14,792,278	16.01%
	2024	2,805,149	2,805,149	-	17,521,009	16.01%
Tier 2 Public Safety and Firefighter System*	2015	\$ 171,292	\$ 171,292	\$ -	\$ 658,135	26.03%
	2016	259,448	259,448	-	1,040,416	24.94%
	2017	349,466	349,466	-	1,490,730	23.44%
	2018	471,579	471,579	-	1,965,833	23.99%
	2019	569,463	569,463	-	2,240,383	25.42%
	2020	769,376	769,376	-	2,949,209	26.09%
	2021	942,584	942,584	-	3,352,728	28.11%
	2022	1,186,530	1,186,530	-	4,262,521	27.84%
	2023	1,444,330	1,444,330	-	5,247,689	27.52%
	2024	1,779,390	1,779,390	-	6,519,813	27.29%
Tier 2 Public Employees DC Only System*	2015	\$ 28,582	\$ 28,582	\$ -	\$ 425,323	6.72%
	2016	36,563	36,563	-	547,730	6.68%
	2017	47,990	47,990	-	717,345	6.69%
	2018	67,722	67,722	-	1,012,755	6.69%
	2019	79,100	79,100	-	1,182,360	6.69%
	2020	89,444	89,444	-	1,336,981	6.69%
	2021	112,843	112,843	-	1,686,736	6.69%
	2022	122,889	122,889	-	1,832,638	6.71%
	2023	152,806	152,806	-	2,468,520	6.19%
	2024	193,001	193,001	-	3,104,822	6.22%
Tier 2 Public Safety and Firefighter DC Only System*	2015	\$ 7,393	\$ 7,393	\$ -	\$ 132,006	5.60%
	2016	14,322	14,322	-	195,345	7.33%
	2017	24,935	24,935	-	268,734	9.28%
	2018	38,204	38,204	-	477,268	8.00%
	2019	41,724	41,724	-	603,825	6.91%
	2020	45,632	45,632	-	643,818	7.09%
	2021	66,690	6,690	-	781,158	8.54%
	2022	69,594	69,594	-	875,698	7.95%
	2023	109,331	109,331	-	1,176,109	9.30%
	2024	106,780	106,780	-	1,167,562	9.15%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

PROVO CITY CORPORATION
Notes to the Required Supplementary Information

Changes in Assumptions:

GASB 75 Actuarial Valuation Report Changes in Assumptions

No changes were made in actuarial assumptions from the prior year's valuation.

Utah Retirement System (URS) Changes in Assumptions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

PROVO CITY CORPORATION
Net Other Post Employment Benefits Liability Schedule

Net OPEB Liability	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Activity during the year							
Service cost	\$ 81,513	\$ 74,516	\$ 77,349	\$ 64,343	\$ 78,638	\$ 62,934	\$ 44,453
Interest	277,968	287,070	253,360	210,416	146,464	87,372	124,827
Differences between expected and actual experience	-	-	374,981	(132,046)	(712,901)	31,621	344,479
Changes of assumptions	(174,810)	(14,338)	174,847	238,482	142,701	(442,472)	(42,978)
Benefit payments	(1,574,682)	(1,663,787)	(1,166,096)	(1,121,655)	(1,158,177)	(975,235)	(802,250)
Net Change in total OPEB Liability	(1,390,011)	(1,316,539)	(285,559)	(740,460)	(1,503,275)	(1,235,780)	(331,469)
Total OPEB Liability - Beginning of year	10,211,150	8,821,139	7,504,600	7,219,041	6,478,581	4,975,306	3,739,526
Total OPEB Liability - End of year	<u>\$ 8,821,139</u>	<u>\$ 7,504,600</u>	<u>\$ 7,219,041</u>	<u>\$ 6,478,580</u>	<u>\$ 4,975,306</u>	<u>\$ 3,739,526</u>	<u>\$ 3,408,057</u>
Plan Fiduciary Net Position (FNP, assets)							
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer contributions	1,574,682	1,663,787	166,096	1,121,655	1,158,177	975,235	802,250
Net investment income	-	-	-	-	-	-	-
Other additions	-	-	-	-	-	-	-
Benefit payments	(1,574,682)	(1,663,787)	(166,096)	(1,121,655)	(1,158,177)	(975,235)	(802,250)
Administrative expense	-	-	-	-	-	-	-
Other deductions	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - End of year	\$ 8,821,139	\$ 7,504,600	\$ 7,219,041	\$ 6,478,580	\$ 4,975,306	\$ 3,739,526	\$ 3,408,057
FNP as a percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
OPEB-eligible payroll for measurement period	\$ 43,057,953	\$ 35,611,929	\$ 42,368,625	\$ 43,245,296	\$ 40,634,094	\$ 40,803,464	\$ 43,379,685
Net OPEB Liability as a percentage of covered Employee payroll	20.5%	21.1%	17.0%	15.0%	12.2%	9.2%	7.9%

This schedule usually covers the 10 most recent fiscal years; however, this is the information available as of the implementation of GASB 75. Changes to the OPEB liability reported in the Notes to the Financial Statements and the Required Supplementary Information will be reported as actual benefit payments are made and the actuarial valuations provide information. Provo City's actuarial valuation is performed by VanIwaarden Associates. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

PROVO CITY CORPORATION
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2024

	Special Revenue							Capital Projects		Total Nonmajor Funds	
	Library	Rental Rehab	C.D.B.G.	Tax Increment	Housing Consortium	Special Purpose Grants	New Development	Homeless Prevention	Parks CIP		Engineering CIP
Assets											
Cash	\$ 1,684,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270	\$ -	\$ 11,602,865	\$ 13,287,635
Restricted cash	-	802,196	230,467	5,886,175	2,330,484	831,375	1,491,434	-	1,584,176	-	13,156,307
Accounts receivable	4,526,565	-	231,428	321	411,103	-	-	-	12,516,245	629,749	18,315,411
Interfund loan receivable	-	-	-	-	-	-	-	-	326,571	-	326,571
Loans receivable	-	83,741	905,333	-	16,825,820	176,897	-	-	-	-	17,991,791
Investment in property	-	-	-	1,599,891	-	-	-	-	-	-	1,599,891
Total Assets	\$ 6,211,065	\$ 885,937	\$ 1,367,228	\$ 7,486,387	\$ 19,567,407	\$ 1,008,272	\$ 1,491,434	\$ 270	\$ 14,426,992	\$ 12,232,614	\$ 64,677,606
Liabilities, Deferred Inflows & Fund Balance											
Liabilities:											
Accounts payable	\$ 190,956	\$ -	\$ 62,927	\$ 26,409	\$ 177,453	\$ -	\$ 11,760	\$ -	\$ 4,594,587	\$ 1,139,461	\$ 6,203,553
Accrued liabilities	72,902	-	9,565	3,847	(150)	-	-	-	-	-	86,164
Due to other funds	-	-	-	-	-	-	-	-	5,781,174	2,820,600	8,601,774
Total Liabilities	263,858	-	72,492	30,256	177,303	-	11,760	-	10,375,761	3,960,061	14,891,491
Deferred Inflows of Resources											
Unavailable property tax revenue	4,382,929	-	-	-	-	-	-	-	-	-	4,382,929
Unavailable revenue	-	-	-	-	-	-	-	-	-	41,837	41,837
Total Deferred Inflows of Resources	4,382,929	-	-	-	-	-	-	-	-	41,837	4,424,766
Fund Balance											
Nonspendable	-	-	-	1,599,891	-	-	-	-	-	-	1,599,891
Assigned	1,564,278	3,485	-	-	-	435,640	147,951	-	-	-	2,151,354
Restricted	-	882,452	1,294,736	5,856,240	19,390,104	572,632	1,331,723	270	4,051,231	8,230,716	41,610,104
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	1,564,278	885,937	1,294,736	7,456,131	19,390,104	1,008,272	1,479,674	270	4,051,231	8,230,716	45,361,349
Total Liabilities, Deferred Inflows of Resources & Fund Balance	\$ 6,211,065	\$ 885,937	\$ 1,367,228	\$ 7,486,387	\$ 19,567,407	\$ 1,008,272	\$ 1,491,434	\$ 270	\$ 14,426,992	\$ 12,232,614	\$ 64,677,606

PROVO CITY CORPORATION
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue							Capital Projects		Total Nonmajor Funds	
	Library	Rental Rehab	C.D.B.G.	Tax Increment	Housing Consortium	Special Purpose Grants	New Development	Homeless Prevention	Parks CIP		Engineering CIP
Revenues:											
Taxes	\$ 4,453,002	\$ -	\$ -	\$ 234,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,687,840
Intergovernmental	38,841	-	1,935,461	897,626	814,886	-	-	-	10,364,726	4,989,056	19,040,596
Charges for services	314,697	-	-	-	-	-	102,920	-	-	429,384	847,001
Interest income	115,917	45,702	4,828	275,096	189,504	37,580	74,537	-	98,717	585,359	1,427,240
Impact fees	-	-	-	-	-	-	-	-	736,355	437,541	1,173,896
Miscellaneous	3,689	-	-	-	-	-	-	-	-	-	3,689
Total revenues	4,926,146	45,702	1,940,289	1,407,560	1,004,390	37,580	177,457	-	11,199,798	6,441,340	27,180,262
Expenditures:											
Current:											
Culture and recreation	5,285,830	-	-	-	-	-	-	-	-	-	5,285,830
Community revitalization	-	142,048	763,313	219,947	-	-	18,199	-	-	-	1,143,507
Total current expenditures	5,285,830	142,048	763,313	219,947	-	-	18,199	-	-	-	6,429,337
Debt service:											
Interest - interfund	-	-	-	-	-	-	-	-	-	85,227	85,227
Total debt service	-	-	-	-	-	-	-	-	-	85,227	85,227
Capital outlay	317,984	-	1,358,398	-	353,236	-	-	-	22,687,212	6,124,486	30,841,316
Total expenditures	5,603,814	142,048	2,121,711	219,947	353,236	-	18,199	-	22,687,212	6,209,713	37,355,880
Excess (deficiency) of revenues over (under) expenditures	(677,668)	(96,346)	(181,422)	1,187,613	651,154	37,580	159,258	-	(11,487,414)	231,627	(10,175,618)
Other financing sources (uses):											
Transfers from other funds	-	-	-	-	-	-	-	-	2,715,933	-	2,715,933
Transfers to other funds	-	-	-	-	-	-	-	-	(169,857)	(1,650,000)	(1,819,857)
Proceeds from land sales	-	-	-	-	-	-	-	-	5,739,039	-	5,739,039
Total other financing sources (uses)	-	-	-	-	-	-	-	-	8,285,115	(1,650,000)	6,635,115
Net change in fund balance	(677,668)	(96,346)	(181,422)	1,187,613	651,154	37,580	159,258	-	(3,202,299)	(1,418,373)	(3,540,503)
Fund balance at beginning of year	2,241,946	982,283	1,476,158	6,268,518	18,738,950	970,692	1,320,416	270	7,253,530	9,649,089	48,901,852
Fund balance at end of year	\$ 1,564,278	\$ 885,937	\$ 1,294,736	\$ 7,456,131	\$ 19,390,104	\$ 1,008,272	\$ 1,479,674	\$ 270	\$ 4,051,231	\$ 8,230,716	\$45,361,349

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Library Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,435,089	\$ 4,435,089	\$ 4,453,002	\$ 17,913
Intergovernmental	-	-	38,841	38,841
Charges for services	228,498	228,498	314,697	86,199
Interest income	65,234	65,234	115,917	50,683
Miscellaneous	1,500	1,500	3,689	2,189
Total revenues	<u>4,730,321</u>	<u>4,730,321</u>	<u>4,926,146</u>	<u>195,825</u>
Expenditures:				
Current:				
Culture and recreation	<u>5,279,366</u>	<u>5,938,641</u>	<u>5,285,830</u>	<u>652,811</u>
Total current expenditures	<u>5,279,366</u>	<u>5,938,641</u>	<u>5,285,830</u>	<u>652,811</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>317,984</u>	<u>(317,984)</u>
Total expenditures	<u>5,279,366</u>	<u>5,938,641</u>	<u>5,603,814</u>	<u>334,827</u>
Net change in fund balance	<u>\$ (549,045)</u>	<u>\$ (1,208,320)</u>	<u>(677,668)</u>	<u>\$ 530,652</u>
Fund balance at beginning of year			<u>2,241,946</u>	
Fund balance at end of year			<u>\$ 1,564,278</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Rental Rehab Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Principal payments	\$ 6,763	\$ 6,763	\$ -	\$ (6,763)
Interest income	3,600	3,600	45,702	42,102
Total revenues	<u>10,363</u>	<u>10,363</u>	<u>45,702</u>	<u>35,339</u>
Expenditures:				
Current:				
Community revitalization	1,500	142,048	142,048	-
Total current expenditures	<u>1,500</u>	<u>142,048</u>	<u>142,048</u>	<u>-</u>
Total expenditures	<u>1,500</u>	<u>142,048</u>	<u>142,048</u>	<u>-</u>
Net change in fund balance	<u>\$ 8,863</u>	<u>\$ (131,685)</u>	(96,346)	<u>\$ 35,339</u>
Fund balance at beginning of year			<u>982,283</u>	
Fund balance at end of year			<u>\$ 885,937</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – CDBG Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,380,936	\$ 1,380,936	\$ 1,935,461	\$ 554,525
Interest income	3,060	3,060	4,828	1,768
Loan principal repayments	5,000	5,000	-	(5,000)
Loan interest repayments	60	60	-	(60)
Total revenues	<u>1,389,056</u>	<u>1,389,056</u>	<u>1,940,289</u>	<u>551,233</u>
Expenditures:				
Current:				
Community revitalization	1,680,985	2,121,711	2,121,711	-
Total current expenditures	<u>1,680,985</u>	<u>2,121,711</u>	<u>2,121,711</u>	<u>-</u>
Total expenditures	<u>1,680,985</u>	<u>2,121,711</u>	<u>2,121,711</u>	<u>-</u>
Net change in fund balance	<u>\$ (291,929)</u>	<u>\$ (732,655)</u>	(181,422)	<u>\$ 551,233</u>
Fund balance at beginning of year			<u>1,476,158</u>	
Fund balance at end of year			<u>\$ 1,294,736</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Tax Increment Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,461,225	\$ 1,461,225	\$ 234,838	\$ (1,226,387)
Interest income	26,000	26,000	275,096	249,096
Loan principal repayments	25,000	25,000	-	(25,000)
Total revenues	<u>1,512,225</u>	<u>1,512,225</u>	<u>1,407,560</u>	<u>(104,665)</u>
Expenditures:				
Current:				
Community revitalization	1,172,658	275,640	219,947	55,693
Total current expenditures	<u>1,172,658</u>	<u>275,640</u>	<u>219,947</u>	<u>55,693</u>
Total expenditures	<u>1,172,658</u>	<u>275,640</u>	<u>219,947</u>	<u>55,693</u>
Net change in fund balance	<u>\$ 339,567</u>	<u>\$ 1,236,585</u>	1,187,613	<u>\$ (48,972)</u>
Fund balance at beginning of year			<u>6,268,518</u>	
Fund balance at end of year			<u>\$ 7,456,131</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Housing Consortium Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,591,152	\$ 1,591,152	\$ 814,886	\$ (776,266)
Interest income	9,020	9,020	189,504	180,484
Loan principal repayments	555,689	555,689	-	(555,689)
Loan interest repayments	33,127	33,127	-	(33,127)
Total revenues	<u>2,188,988</u>	<u>2,188,988</u>	<u>1,004,390</u>	<u>(1,184,598)</u>
Expenditures:				
Capital outlay	1,300,000	1,591,198	353,236	1,237,962
Total expenditures	<u>1,300,000</u>	<u>1,591,198</u>	<u>353,236</u>	<u>1,237,962</u>
Net change in fund balance	<u>\$ 888,988</u>	<u>\$ 597,790</u>	651,154	<u>\$ 53,364</u>
Fund balance at beginning of year			<u>18,738,950</u>	
Fund balance at end of year			<u>\$ 19,390,104</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Special Purpose Grants Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest income	\$ 1,800	\$ 1,800	\$ 37,580	\$ 35,780
Loan principal repayments	40,000	40,000	-	(40,000)
Loan interest repayments	150	150	-	(150)
Total revenues	<u>41,950</u>	<u>41,950</u>	<u>37,580</u>	<u>(4,370)</u>
Expenditures:				
Current:				
Community revitalization	<u>90,000</u>	-	-	-
Total current expenditures	<u>90,000</u>	-	-	-
Total expenditures	<u>90,000</u>	-	-	-
Excess (deficiency) of revenues over expenditures	<u>(48,050)</u>	<u>41,950</u>	<u>37,580</u>	<u>(4,370)</u>
Net change in fund balance	<u>\$ (48,050)</u>	<u>\$ 41,950</u>	37,580	<u>\$ (4,370)</u>
Fund balance at beginning of year			<u>970,692</u>	
Fund balance at end of year			<u>\$ 1,008,272</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – New Development Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 10,100	\$ 101,000	\$ 102,920	\$ 1,920
Interest income	5,000	5,000	74,537	69,537
Total revenues	<u>15,100</u>	<u>106,000</u>	<u>177,457</u>	<u>71,457</u>
Expenditures:				
Current:				
Community revitalization	34,300	140,104	18,199	121,905
Total current expenditures	<u>34,300</u>	<u>140,104</u>	<u>18,199</u>	<u>121,905</u>
Total expenditures	<u>34,300</u>	<u>140,104</u>	<u>18,199</u>	<u>121,905</u>
Net change in fund balance	<u>\$ (19,200)</u>	<u>\$ (34,104)</u>	159,258	<u>\$ 193,362</u>
Fund balance at beginning of year			<u>1,320,416</u>	
Fund balance at end of year			<u>\$ 1,479,674</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Homeless Prevention Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Community revitalization	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year			<u>270</u>	
Fund balance at end of year			<u>\$ 270</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Debt Service Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 8,898,810	\$ 8,898,810	\$ 8,927,051	\$ 28,241
Interest income	345,500	345,500	593,189	247,689
Total revenues	<u>9,244,310</u>	<u>9,244,310</u>	<u>9,520,240</u>	<u>275,930</u>
Expenditures:				
Debt service:				
Interest	3,805,654	3,805,654	3,800,311	5,343
Principal on debt	7,567,154	7,567,154	7,272,000	295,154
Interest - interfund	22,660	22,660	22,660	-
Service fees on debt and issuance costs	21,000	21,000	6,876	14,124
Total debt service	<u>11,416,468</u>	<u>11,416,468</u>	<u>11,101,847</u>	<u>314,621</u>
Total expenditures	<u>11,416,468</u>	<u>11,416,468</u>	<u>11,101,847</u>	<u>314,621</u>
Excess (deficiency) of revenues over expenditures	<u>(2,172,158)</u>	<u>(2,172,158)</u>	<u>(1,581,607)</u>	<u>590,551</u>
Other financing sources (uses):				
Transfers from other funds	4,214,861	4,215,131	3,365,900	(849,231)
Transfers to other funds	(440,000)	(440,000)	(440,000)	-
Total other financing sources (uses)	<u>3,774,861</u>	<u>3,775,131</u>	<u>2,925,900</u>	<u>(849,231)</u>
Net change in fund balance	<u>\$ 1,602,703</u>	<u>\$ 1,602,973</u>	1,344,293	<u>\$ (258,680)</u>
Fund balance at beginning of year			<u>9,504,594</u>	
Fund balance at end of year			<u>\$ 10,848,887</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Engineering CIP Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 429,384	\$ 429,384
Intergovernmental	2,869,774	2,869,774	4,989,056	2,119,282
Interest income	80,000	80,000	585,359	505,359
Impact fees	250,000	250,000	437,541	187,541
Total revenues	<u>3,199,774</u>	<u>3,199,774</u>	<u>6,441,340</u>	<u>3,241,566</u>
Expenditures:				
Debt service:				
Interfund interest	-	85,227	85,227	-
Total current expenditures	-	85,227	85,227	-
Capital outlay:				
Capital outlay	1,150,000	6,253,395	6,124,486	128,909
Total expenditures	<u>1,150,000</u>	<u>6,338,622</u>	<u>6,209,713</u>	<u>128,909</u>
Excess (deficiency) of revenues over expenditures	<u>2,049,774</u>	<u>(3,138,848)</u>	<u>231,627</u>	<u>3,370,475</u>
Other financing sources (uses):				
Transfers to other funds	(1,650,000)	(1,650,000)	(1,650,000)	-
Total other financing sources (uses)	<u>(1,650,000)</u>	<u>(1,650,000)</u>	<u>(1,650,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 399,774</u>	<u>\$ (4,788,848)</u>	<u>(1,418,373)</u>	<u>\$ 3,370,475</u>
Fund balance at beginning of year			<u>9,649,089</u>	
Fund balance at end of year			<u>\$ 8,230,716</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Parks & Recreation CIP Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,350,193	\$ 8,350,193	\$ 10,364,726	\$ 2,014,533
Interest income	34,500	53,550	98,717	45,167
Impact fees	1,415,496	1,415,496	736,355	(679,141)
Total revenues	<u>9,800,189</u>	<u>9,819,239</u>	<u>11,199,798</u>	<u>1,380,559</u>
Expenditures:				
Capital outlay	<u>14,230,672</u>	<u>27,919,518</u>	<u>22,687,212</u>	<u>5,232,306</u>
Total expenditures	<u>14,230,672</u>	<u>27,919,518</u>	<u>22,687,212</u>	<u>5,232,306</u>
Excess (deficiency) of revenues over expenditures	<u>(4,430,483)</u>	<u>(18,100,279)</u>	<u>(11,487,414)</u>	<u>6,612,865</u>
Other financing sources (uses):				
Transfers from other funds	2,582,712	2,582,712	2,715,933	133,221
Transfers to other funds	<u>(169,857)</u>	<u>(169,857)</u>	<u>(169,857)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,412,855</u>	<u>2,412,855</u>	<u>8,285,115</u>	<u>5,872,260</u>
Net change in fund balance	<u>\$ (2,017,628)</u>	<u>\$ (15,687,424)</u>	<u>(3,202,299)</u>	<u>\$ 12,485,125</u>
Fund balance at beginning of year			<u>7,253,530</u>	
Fund balance at end of year			<u>\$ 4,051,231</u>	

PROVO CITY CORPORATION
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General CIP Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ -	\$ 375,000.00	\$384,833	\$9,833
Interest income	-	-	463,762	463,762
Total revenues	<u>-</u>	<u>375,000.00</u>	<u>848,595</u>	<u>473,595</u>
Expenditures:				
Capital outlay	908,029	6,843,952	4,520,119	2,323,833
Total expenditures	<u>908,029</u>	<u>6,843,952</u>	<u>4,520,119</u>	<u>2,323,833</u>
Excess (deficiency) of revenues over expenditures	<u>(908,029)</u>	<u>(6,468,952)</u>	<u>(3,671,524)</u>	<u>2,797,428</u>
Other financing sources (uses):				
Transfers from other funds	908,029	791,658	51,000	(740,658)
Total other financing sources (uses)	<u>908,029</u>	<u>791,658</u>	<u>(39,658)</u>	<u>(831,316)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (5,677,294)</u>	(3,711,182)	<u>\$ 1,966,112</u>
Fund balance at beginning of year			<u>9,517,028</u>	
Fund balance at end of year			<u>\$ 5,805,846</u>	

PROVO CITY CORPORATION
Combining Statement of Net Position – Nonmajor Enterprise Funds
June 30, 2024

	Business-type Activities-Enterprise Funds					Total Nonmajor Funds
	Golf Course	Utility Transportation	Sanitation	Storm Drain	Ice Sheet	
Assets						
Current Assets:						
Cash	\$ 544,630	\$ 1,235,706	\$ 2,550,346	\$ 4,536,230	\$ 1,778,169	\$ 10,645,081
Restricted cash	-	-	-	1,451,102	-	1,451,102
Accounts receivable	23,107	177,015	740,678	444,328	50,000	1,435,128
Total Current Assets	567,737	1,412,721	3,291,024	6,431,660	1,828,169	13,531,311
Noncurrent Assets:						
Capital Assets:						
Non Depreciable	25,065,446	-	642,910	3,344,636	4,380,100	33,433,092
Depreciable assets	6,693,488	-	629,268	23,593,428	4,452,565	35,368,749
Net Capital Assets	31,758,934	-	1,272,178	26,938,064	8,832,665	68,801,841
Equity in Joint Venture	-	-	12,095,862	-	-	12,095,862
Total Noncurrent Assets	31,758,934	-	13,368,040	26,938,064	8,832,665	80,897,703
Total Assets	32,326,671	1,412,721	16,659,064	33,369,724	10,660,834	94,429,014
Deferred outflows of resources						
Deferred outflows related to pensions	81,426	-	162,859	162,880	80	407,245
Deferred outflows related to OPEB	4,936	-	20,980	11,107	2,468	39,491
Total deferred outflows of resources	86,362	-	183,839	173,987	2,548	446,736
Liabilities & Net Position						
Liabilities:						
Accounts payable	98,788	673,596	283,491	426,680	184,840	1,667,395
Accrued liabilities	83,610	-	52,671	35,320	17,111	188,712
Accrued interest payable	1,598	-	-	-	-	1,598
Accrued compensated absences	16,875	-	33,221	38,230	1,662	89,988
Bonds, leases and loans payable	204,390	-	-	-	-	204,390
Total Current Liabilities	405,261	673,596	369,383	500,230	203,613	2,152,083
Long-term Liabilities						
Accrued compensated absences	39,376	-	77,516	89,204	3,878	209,974
Net OPEB payable	20,286	-	86,216	45,644	10,143	162,289
Net pension liability	40,777	-	81,555	88,875	21,960	233,167
Interfund loan payable	2,355,967	-	-	-	-	2,355,967
Bonds, leases and loans payable	185,495	-	-	-	-	185,495
Total Long-term Liabilities	2,641,901	-	245,287	223,723	35,981	3,146,892
Total Liabilities	3,047,162	673,596	614,670	723,953	239,594	5,298,975
Deferred inflows of resources						
Deferred inflows related to pensions	2,142	-	4,288	4,281	9	10,720
Deferred inflows related to OPEB	6,076	-	25,823	13,671	3,038	48,608
Total deferred inflows of resources	8,218	-	30,111	17,952	3,047	59,328
Net Position						
Net investment in capital assets	31,369,049	-	1,272,178	26,559,201	8,832,665	68,033,093
Restricted for:						
Capital projects	-	-	-	1,448,265	-	1,448,265
Debt service	-	-	-	2,837	-	2,837
Unrestricted	(2,011,396)	739,125	14,925,944	4,791,503	1,588,076	20,033,252
Total Net Position	\$ 29,357,653	\$ 739,125	\$ 16,198,122	\$ 32,801,806	\$ 10,420,741	\$ 89,517,447

PROVO CITY CORPORATION
Combining Statement of Revenue, Expenses, and Changes in Net Position –
Nonmajor Enterprise Funds
For the Year Ended June 30, 2024

Business-type Activities-Enterprise Funds

	Golf Course	Utility Transportation	Sanitation	Storm Drain	Ice Sheet	Tottal Nonmajor Funds
Operating Revenues:						
Charges for services	\$ 1,619,291	\$ 2,343,920	\$ 7,094,603	\$ 5,931,854	\$ 1,193,883	\$ 18,183,551
Fees & rentals	362,842	-	-	26,225	887,731	1,276,798
Miscellaneous	4,990	-	215,472	31,227	2,466	254,155
Intergovernmental revenue	-	-	-	-	50,000	50,000
Total operating revenues	1,987,123	2,343,920	7,310,075	5,989,306	2,134,080	19,764,504
Operating expenses:						
Salaries and wages	704,830	-	1,316,862	1,033,580	591,481	3,646,753
Employee benefits	214,819	-	701,755	534,877	160,611	1,612,062
Operating expenses	788,373	1,716,354	3,905,148	1,749,950	1,270,533	9,430,358
Depreciation	638,083	-	33,837	512,518	302,419	1,486,857
Total operating expenses	2,346,105	1,716,354	5,957,602	3,830,925	2,325,044	16,176,030
Operating income (loss)	(358,982)	627,566	1,352,473	2,158,381	(190,964)	3,588,474
Nonoperating revenues (expenses)						
Interest income	32,374	23,483	157,559	329,895	82,640	625,951
Interest expense	(98,906)	-	-	(34,067)	-	(132,973)
Joint Venture gain	-	-	(3,994,807)	-	-	(3,994,807)
Total nonoperating revenues (expenses)	(66,532)	23,483	(3,837,248)	295,828	82,640	(3,501,829)
Income (loss) before contributions, and transfers	(425,514)	651,049	(2,484,775)	2,454,209	(108,324)	86,645
Capital contributions	-	-	-	308,709	-	308,709
Transfers out	-	-	(793,047)	(666,498)	-	(1,459,545)
Change in Net Position	(364,632)	651,049	(3,277,822)	2,096,420	(108,324)	(1,003,309)
Net Position at beginning of year	29,722,285	88,076	19,475,944	30,705,386	10,529,065	90,520,756
Net Position at end of year	\$ 29,357,653	\$ 739,125	\$ 16,198,122	\$ 32,801,806	\$ 10,420,741	\$ 89,517,447

PROVO CITY CORPORATION
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
For the Year Ended June 30, 2024

	Golf Course	Utility Transportation	Sanitation	Storm Drain	Ice Sheet	Total Nonmajor Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 2,002,102	\$ 2,342,929	\$ 7,281,050	\$ 6,026,137	\$ 2,084,080	\$ 19,736,298
Payments to suppliers	(816,458)	(1,727,896)	(3,783,164)	(2,619,196)	(1,178,064)	(10,124,778)
Payments to employees	(909,552)	-	(2,069,950)	(1,539,980)	(744,679)	(5,264,161)
Net cash from operating activities	<u>276,092</u>	<u>615,033</u>	<u>1,427,936</u>	<u>1,866,961</u>	<u>161,337</u>	<u>4,347,359</u>
Cash flows from noncapital financing activities:						
Loans due to other funds	(54,429)	-	-	-	-	(54,429)
Impact fees	-	-	-	308,709	-	308,709
Transfers from other funds	60,882	-	-	-	-	60,882
Transfers to other funds	-	-	(793,047)	(666,498)	-	(1,459,545)
Net cash from noncapital financing activities	<u>6,453</u>	<u>-</u>	<u>(793,047)</u>	<u>(357,789)</u>	<u>-</u>	<u>(1,144,383)</u>
Cash flows from capital and related financing activities:						
Payments for capital acquisitions	-	-	(462,596)	(1,720,413)	-	(2,183,009)
Principal paid on bonds payable	-	-	-	(710,000)	-	(710,000)
Interest paid on bonds payable	-	-	-	(37,451)	-	(37,451)
Principal paid on lease payable	(191,618)	-	-	-	-	(191,618)
Interest paid on notes & lease payable	(100,476)	-	-	-	-	(100,476)
Net cash from capital and related financing activities	<u>(292,094)</u>	<u>-</u>	<u>(462,596)</u>	<u>(2,467,864)</u>	<u>-</u>	<u>(3,222,554)</u>
Cash flows from investing activities:						
Receipts of interest	32,374	23,483	157,559	329,895	82,640	625,951
Net cash provided by investing activities	<u>32,374</u>	<u>23,483</u>	<u>157,559</u>	<u>329,895</u>	<u>82,640</u>	<u>625,951</u>
Net change in cash	22,825	638,516	329,852	(628,797)	243,977	606,373
Cash at beginning of year	521,805	597,190	2,220,494	6,616,129	1,534,192	11,489,810
Cash at end of year	<u>\$ 544,630</u>	<u>\$ 1,235,706</u>	<u>\$ 2,550,346</u>	<u>\$ 5,987,332</u>	<u>\$ 1,778,169</u>	<u>\$ 12,096,183</u>
Cash at end of year consists of:						
Cash	\$ 544,630	\$ 1,235,706	\$ 2,550,346	\$ 4,536,230	\$ 1,778,169	\$10,645,081
Restricted cash	-	-	-	1,451,102	-	1,451,102
Total Cash	<u>\$ 544,630</u>	<u>\$ 1,235,706</u>	<u>\$ 2,550,346</u>	<u>\$ 5,987,332</u>	<u>\$ 1,778,169</u>	<u>\$ 12,096,183</u>
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	\$ (358,982)	\$ 627,566	\$ 1,352,473	\$ 2,158,381	\$ (190,964)	\$ 3,588,474
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	638,083	-	33,837	512,518	302,419	1,486,857
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	14,979	(991)	(29,025)	36,831	(50,000)	(28,206)
Increase (decrease) in accounts payable	-	(11,542)	121,984	(869,246)	92,469	(666,335)
Increase (decrease) in accrued liabilities	(59,464)	-	(20,299)	(10,867)	18,597	(72,033)
Increase (decrease) in unearned revenue	27,763	-	-	-	-	27,763
Increase (decrease) in accrued compensated absences	13,713	-	(31,034)	39,344	(11,184)	10,839
Net cash from operating activities	<u>\$ 276,092</u>	<u>\$ 615,033</u>	<u>\$ 1,427,936</u>	<u>\$ 1,866,961</u>	<u>\$ 161,337</u>	<u>\$ 4,347,359</u>

PROVO CITY CORPORATION
Combining Statement of Net Position – Internal Service Funds
June 30, 2024

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Facility Services	Telecom	Total Internal Service Funds
Assets								
Current Assets:								
Cash	\$ 2,622,906	\$ 9,636,094	\$ 2,449,019	\$ 2,886,658	\$ 862,701	\$ 2,164,491	\$ 2,850,923	\$ 23,472,792
Accounts receivable	-	2,186	-	600	-	-	-	2,786
Inventory	28,435	-	-	393,870	-	2,165	-	424,470
Total Current Assets	2,651,341	9,638,280	2,449,019	3,281,128	862,701	2,166,656	2,850,923	23,900,048
Capital Assets								
Non Depreciable assets	-	-	-	1,484,588	-	-	31,166	1,515,754
Depreciable assets	72,927	-	-	16,624,364	-	3,084	-	16,700,375
Net Capital Assets	72,927	-	-	18,108,952	-	3,084	31,166	18,216,129
Total Assets	2,724,268	9,638,280	2,449,019	21,390,080	862,701	2,169,740	2,882,089	42,116,177
Deferred outflows of resources								
Related to pensions	325,708	-	-	84,301	-	162,800	-	572,809
Related to OPEB	23,448	-	-	9,873	-	6,171	-	39,492
Total deferred outflows of resources	349,156	-	-	94,174	-	168,971	-	612,301
Liabilities:								
Current Liabilities								
Accounts payable	75,233	54,505	15,923	1,841,403	13,206	119,159	-	2,119,429
Accrued liabilities	44,950	7,358,766	1,501,930	26,154	-	16,009	-	8,947,809
Accrued interest payable	-	-	-	8,201	-	-	-	8,201
Due within one year:								
Accrued Compensated Absences	36,216	-	-	15,747	-	9,345	-	61,308
Leases and notes payable	-	-	-	597,634	-	-	-	597,634
Total Current Liabilities	156,399	7,413,271	1,517,853	2,489,139	13,206	144,513	-	11,734,381
Noncurrent Liabilities								
Accrued compensated absences	84,503	-	-	36,743	-	21,806	-	143,052
Net OPEB payable	96,359	-	-	40,572	-	25,358	-	162,289
Lease payable	-	-	-	671,786	-	-	-	671,786
Total Noncurrent Liabilities	343,973	-	-	806,083	-	114,079	-	1,264,135
Total Liabilities	500,372	7,413,271	1,517,853	3,295,222	13,206	258,592	-	12,998,516
Deferred inflows of resources								
Related to pensions	8,569	-	-	2,210	-	4,283	-	15,062
Related to OPEB	28,862	-	-	12,152	-	7,595	-	48,609
Total deferred inflows of resources	37,431	-	-	14,362	-	11,878	-	63,671
Net Position								
Net investment in capital assets	72,927	-	-	15,205,881	-	3,084	31,166	15,313,058
Unrestricted	2,462,694	2,225,009	931,166	2,968,789	849,495	2,065,157	2,850,923	14,353,233
Total Net Position	\$2,535,621	\$2,225,009	\$931,166	\$18,174,670	\$849,495	\$2,068,241	\$2,882,089	\$29,666,291

PROVO CITY CORPORATION
Combining Statement of Revenue, Expenses, and Changes in Net Position –
Internal Service Funds
For the Year Ended June 30, 2024

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Facility Services	Telecom	Total Internal Service Funds
Operating Revenues:								
Charges for services	\$ 3,725,044	\$ 1,380,986	\$ 2,626,358	\$ 10,189,425	\$ 310,785	\$ 1,942,814	\$ 300,000	\$ 20,475,412
Miscellaneous	12,171	819	-	6,101	-	7,150	-	26,241
Total operating revenues	3,737,215	1,381,805	2,626,358	10,195,526	310,785	1,969,726	300,000	20,521,415
Operating expenses:								
Salaries and wages	1,371,677	87,559	113,244	732,471	-	426,968	-	2,731,919
Employee benefits	623,662	726,365	48,053	426,061	-	189,344	-	2,013,485
Operating expenses	1,520,372	1,374,517	3,637,894	2,495,451	473,184	1,503,378	45,419	11,050,215
Depreciation	9,116	-	-	4,631,118	-	1,262	-	4,641,496
Total operating expenses	3,524,827	2,188,441	3,799,191	8,285,101	473,184	2,120,952	45,419	20,437,115
Operating income (loss)	212,388	(806,636)	(1,172,833)	1,910,425	(162,399)	(151,226)	254,581	84,300
Nonoperating revenues (expenses)								
Interest income	121,191	478,475	111,677	34,441	23,252	116,451	147,531	1,033,018
Interest on debt	-	-	-	(41,950)	-	-	-	(41,950)
Gain (loss) on disposition of assets	-	-	-	47,844	-	-	-	47,844
Total nonoperating revenues (expenses)	121,191	478,475	111,677	40,335	23,252	116,451	147,531	1,038,912
Income (loss) before transfers	333,579	(328,161)	(1,061,156)	1,950,760	(139,147)	(34,775)	402,112	1,123,212
Transfers								
Transfers from other funds	78,917	-	-	629,766	642,474	645,136	-	1,996,293
Transfers to other funds	-	-	-	-	-	(494,974)	(147,500)	(642,474)
Total transfers	78,917	-	-	629,766	642,474	150,162	(147,500)	1,353,819
Change in net position	412,496	(328,161)	(1,061,156)	2,580,526	503,327	115,387	254,612	2,477,031
Net Position - beginning of year	2,123,125	2,553,170	1,992,322	15,594,144	346,168	1,952,854	2,627,477	27,189,260
Net Position - end of year	\$ 2,535,621	\$ 2,225,009	\$ 931,166	\$ 18,174,670	\$ 849,495	\$ 2,068,241	\$ 2,882,089	\$ 29,666,291

PROVO CITY CORPORATION
Combining Statement of Cash Flows – Internal Service Funds
For the Year Ended June 30, 2024

	Customer Service	Employee Benefits	Insurance / Claims	Vehicle Management	Computer Lease	Facility Services	Telecom	Total Internal Service Funds
Cash flows from operating activities:								
Receipts from customers and users	\$ 3,737,215	\$ 2,765,640	\$ 2,626,358	\$ 10,195,326	\$ 310,785	\$ 1,969,726	\$ 300,000	\$ 21,905,050
Payments to suppliers	(1,585,147)	(1,380,123)	-	(1,663,738)	(544,226)	(1,613,236)	(45,419)	(6,831,889)
Payments to employees	(2,058,647)	(813,924)	(161,297)	(1,177,548)	-	(687,289)	-	(4,898,705)
Payments for claims	-	-	(3,153,270)	-	-	-	-	(3,153,270)
Net cash from operating activities	<u>93,421</u>	<u>571,593</u>	<u>(688,209)</u>	<u>7,354,040</u>	<u>(233,441)</u>	<u>(330,799)</u>	<u>254,581</u>	<u>7,021,186</u>
Cash flows from noncapital financing activities:								
Transfers from other funds	78,917	-	-	629,766	642,474	645,136	-	1,996,293
Net cash from noncapital financing activities	<u>78,917</u>	<u>-</u>	<u>-</u>	<u>629,766</u>	<u>642,474</u>	<u>150,162</u>	<u>(147,500)</u>	<u>1,353,819</u>
Cash flows from capital and related financing activities:								
Payments for capital acquisitions	-	-	-	(9,325,848)	-	-	-	(9,325,848)
Proceeds from sale of capital assets	-	-	-	86,561	-	-	-	86,561
Principal paid on notes and lease payable	-	-	-	(583,515)	-	-	-	(583,515)
Interest paid on notes & lease payable	-	-	-	(45,703)	-	-	-	(45,703)
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,868,505)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,868,505)</u>
Cash flows from investing activities:								
Receipts of interest	121,191	478,475	111,677	34,441	23,252	116,451	147,531	1,033,018
Net cash from investing activities	<u>121,191</u>	<u>478,475</u>	<u>111,677</u>	<u>34,441</u>	<u>23,252</u>	<u>116,451</u>	<u>147,531</u>	<u>1,033,018</u>
Net change in cash	293,529	1,050,068	(576,532)	(1,850,258)	432,285	(64,186)	254,612	(460,482)
Cash at beginning of year	2,329,377	8,586,026	3,025,551	4,736,916	430,416	2,228,677	2,596,311	23,933,274
Cash at end of year	<u>\$ 2,622,906</u>	<u>\$ 9,636,094</u>	<u>\$ 2,449,019</u>	<u>\$ 2,886,658</u>	<u>\$ 862,701</u>	<u>\$ 2,164,491</u>	<u>\$ 2,850,923</u>	<u>\$ 23,472,792</u>
Reconciliation of operating income (loss) to net cash from operating activities:								
Operating income (loss)	\$ 212,388	\$ (806,636)	\$ (1,172,833)	\$ 1,910,425	\$ (162,399)	\$ (151,226)	\$ 254,581	\$ 84,300
Adjustments to reconcile operating income (loss) to net cash from operating activities:								
Depreciation	9,116	-	-	4,631,118	-	1,262	-	4,641,496
Changes in assets and liabilities:								
Decrease (increase) in accounts receivable	-	(2,186)	-	(200)	-	-	-	(2,386)
Decrease (increase) in inventory	(28,435)	-	-	(85,703)	-	(2,165)	-	(116,303)
Increase (decrease) in accounts payable	(36,340)	(5,606)	(16,593)	898,051	(71,042)	(104,264)	-	664,206
Increase (decrease) in accrued liabilities	(65,851)	1,386,021	501,217	(9,002)	-	(68,245)	-	1,744,140
Increase (decrease) in accrued compensated absences	2,543	-	-	9,351	-	(6,161)	-	5,733
Net cash from operating activities	<u>\$ 93,421</u>	<u>\$ 571,593</u>	<u>\$ (688,209)</u>	<u>\$ 7,354,040</u>	<u>\$ (233,441)</u>	<u>\$ (330,799)</u>	<u>\$ 254,581</u>	<u>\$ 7,021,186</u>

PROVO CITY CORPORATION

Statistical Section (unaudited)

This part of Provo City's Annual Comprehensive Financial Report presents detailed information as a context for better understanding the information in the financial statements, note disclosures, and required supplementary information. The statistical section is divided into five main categories as follows:

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

PROVO CITY CORPORATION
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Net investment in capital assets	\$302,153,434	\$297,887,366	\$281,052,297	\$ 282,888,781	\$ 281,008,409	\$297,030,512	\$307,163,818	\$315,125,037	\$340,957,257	\$360,436,466
Restricted	9,152,175	9,011,521	8,636,372	8,044,231	10,949,005	10,080,095	15,418,477	45,507,278	49,114,981	18,573,224
Unrestricted	<u>21,064,212</u>	<u>32,769,231</u>	<u>59,077,812</u>	<u>55,099,640</u>	<u>56,069,462</u>	<u>69,286,692</u>	<u>82,572,754</u>	<u>102,001,655</u>	<u>68,991,694</u>	<u>104,494,249</u>
Total governmental activities net position	<u>\$332,369,821</u>	<u>\$339,668,118</u>	<u>\$348,766,481</u>	<u>\$ 346,032,652</u>	<u>\$ 348,026,876</u>	<u>\$376,397,299</u>	<u>\$405,155,049</u>	<u>\$462,633,970</u>	<u>\$459,063,932</u>	<u>\$483,503,939</u>
Business type activities										
Net investment in capital assets	\$195,162,694	\$206,937,602	\$215,012,358	\$ 225,102,007	\$ 245,278,480	\$268,883,944	\$292,257,186	\$321,576,887	\$349,929,714	\$439,778,560
Restricted	1,553,767	1,789,877	1,176,737	1,173,400	2,001,561	1,628,190	12,895,977	4,306,308	24,515,405	4,184,763
Unrestricted	<u>40,028,050</u>	<u>45,326,404</u>	<u>47,871,776</u>	<u>55,986,874</u>	<u>51,911,084</u>	<u>59,801,214</u>	<u>62,320,348</u>	<u>73,473,238</u>	<u>79,402,055</u>	<u>61,951,487</u>
Total business-type activities net position	<u>\$236,744,511</u>	<u>\$254,053,883</u>	<u>\$264,060,871</u>	<u>\$ 282,262,281</u>	<u>\$ 299,191,125</u>	<u>\$330,313,348</u>	<u>\$367,473,511</u>	<u>\$399,356,433</u>	<u>\$453,847,174</u>	<u>\$505,914,810</u>
Primary government										
Net investment in capital assets	\$497,316,128	\$504,824,968	\$496,064,655	\$ 507,990,788	\$ 526,286,889	\$565,914,456	\$599,421,004	\$633,107,508	\$690,886,971	\$800,215,026
Restricted	10,705,942	10,801,398	9,813,109	9,217,631	12,950,566	11,708,285	28,314,454	51,471,714	73,630,386	22,757,987
Unrestricted	<u>61,092,262</u>	<u>78,095,635</u>	<u>106,949,588</u>	<u>111,086,514</u>	<u>107,980,546</u>	<u>129,087,906</u>	<u>144,893,102</u>	<u>177,411,181</u>	<u>148,393,749</u>	<u>166,445,736</u>
Total primary government net position	<u>\$569,114,332</u>	<u>\$593,722,001</u>	<u>\$612,827,352</u>	<u>\$ 628,294,933</u>	<u>\$ 647,218,001</u>	<u>\$706,710,647</u>	<u>\$772,628,560</u>	<u>\$861,990,403</u>	<u>\$912,911,106</u>	<u>\$989,418,749</u>

PROVO CITY CORPORATION

Changes in Net Position

(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 10,446,120	\$ 15,094,178	\$ 9,947,222	\$ 15,223,591	\$ 18,401,939	\$ 11,529,737	\$ 7,262,135	\$ 12,954,225	\$ 13,862,704	\$ 25,946,773
Public safety	29,587,970	29,556,038	33,145,039	35,567,703	36,263,547	37,990,332	38,657,110	44,735,717	45,771,408	51,286,696
Public services	5,433,480	4,333,204	6,638,270	4,630,125	4,817,070	5,165,268	4,892,421	5,284,153	6,182,502	6,979,124
Culture and Recreation	20,294,364	16,249,311	17,622,058	18,415,600	18,438,144	18,472,769	18,726,272	22,141,076	22,391,173	24,105,664
Community revitalization	3,806,559	10,815,047	15,258,704	11,015,227	8,273,032	6,612,903	7,951,632	9,871,667	7,145,411	7,082,019
Interest on long-term debt	3,405,382	3,253,889	3,038,788	2,551,409	4,153,417	4,598,372	3,995,827	2,274,573	3,472,038	2,960,550
Total governmental activities expenses	72,973,875	79,301,667	85,650,081	87,403,655	90,347,149	84,369,381	81,485,397	97,261,411	98,825,236	118,360,826
Business-type activities:										
Golf course	1,019,338	1,141,607	1,141,024	1,176,952	1,575,803	1,524,659	1,308,004	1,735,302	2,252,851	2,443,956
Water	7,904,688	7,973,382	8,262,139	9,857,885	11,266,122	12,175,512	12,638,564	10,688,533	11,265,617	11,745,909
Waste water	5,287,897	5,310,180	7,243,811	6,699,620	7,559,952	6,511,771	10,238,031	8,475,836	8,546,161	9,323,570
Energy	58,138,440	57,763,462	62,306,764	70,813,011	67,460,174	64,944,421	62,819,570	66,177,499	65,209,868	69,434,797
Airport	1,839,029	1,906,741	3,299,881	3,478,456	3,284,400	4,705,001	4,212,572	5,116,778	6,029,868	12,387,976
Utility transportaion		1,946,733	2,393,632	2,871,069	1,994,134	3,894,913	1,946,301	2,429,413	2,696,526	1,716,354
Sanitation	4,498,128	2,341,642	4,040,055	4,195,985	4,355,800	4,498,386	5,217,191	5,452,418	5,148,978	6,005,566
Storm drain	2,651,205	2,523,765	3,051,105	2,639,894	2,431,569	2,335,090	3,245,744	3,877,534	2,478,610	3,757,356
Ice Sheet	-	-	-	1,640,921	1,644,985	2,144,660	1,881,367	1,910,483	2,389,841	2,325,044
Total business-type activities expenses	81,338,725	80,907,512	91,738,411	103,373,793	101,572,939	102,734,413	103,507,344	105,863,796	106,018,320	119,140,528
Total primary government expenses	\$ 154,312,600	\$ 160,209,179	\$ 177,388,492	\$ 190,777,448	\$ 191,920,088	\$ 187,103,794	\$ 184,992,741	\$ 203,125,207	\$ 204,843,556	\$ 237,501,354
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,492,797	\$ 2,174,918	\$ 782,851	\$ 485,976	\$ 754,295	\$ 787,616	\$ 834,031	\$ 805,486	\$ 827,244	\$ 1,099,574
Public safety	1,803,240	1,948,547	1,741,913	1,815,950	2,002,735	2,050,818	2,169,304	3,987,823	4,142,564	4,430,546
Public services	1,167,202	817,255	2,288,295	3,347,881	1,558,837	2,473,032	1,809,535	2,503,046	2,262,464	2,958,071
Culture and Recreation	5,214,075	5,694,551	7,012,592	7,198,747	6,748,532	5,534,951	6,543,102	7,269,095	7,813,280	7,931,902
Community revitalization	1,891,662	3,822,107	2,875,746	1,618,026	2,180,378	2,115,099	2,701,537	2,227,376	2,728,325	2,148,613
Operating grants and contributions	13,385,474	12,882,537	17,459,101	17,674,626	8,485,241	21,664,085	13,139,945	14,555,544	11,575,929	22,747,947
Capital grants and contributions	70,635	29,838	1,513,967	3,378,973	7,859,934	8,520,320	9,231,493	43,135,485	5,480,987	6,615,842
Total governmental activities program revenues	26,025,085	27,369,753	33,674,465	35,520,179	29,589,952	43,145,921	36,428,947	74,483,855	34,830,793	47,932,495
Business-type activities:										
Charges for services:										
Golf Course	775,243	809,593	808,011	814,257	936,358	439,035	1,166,640	1,646,626	1,790,879	1,982,133
Water	9,181,433	11,261,939	13,039,982	14,192,661	14,477,581	15,230,443	16,407,857	15,106,051	17,035,615	17,035,615
Waste water	6,028,493	8,094,637	9,504,838	11,299,581	14,863,919	16,721,652	21,106,446	23,592,534	25,497,802	25,497,802
Energy	68,259,149	71,028,670	73,105,744	73,301,830	73,247,473	71,015,193	73,175,469	74,743,584	75,021,509	75,021,509
Airport	-	-	375,614	631,791	1,344,372	811,699	1,224,057	1,310,285	5,948,436	5,948,436
Utility transportaion	2,384,790	2,406,091	2,678,925	2,133,216	2,150,893	2,095,746	2,196,050	2,194,848	2,343,920	2,343,920
Sanitation	4,421,366	4,525,973	4,633,958	4,974,791	5,563,966	6,169,994	6,401,513	6,466,654	7,094,603	7,094,603
Storm drain	2,813,610	3,699,439	4,536,772	4,875,702	5,318,484	5,758,440	5,833,672	5,884,921	5,958,079	5,958,079
Ice Sheet	-	-	-	1,236,381	1,353,780	1,364,043	1,567,241	1,897,254	2,081,614	2,081,614
Operating grants and contributions	3,131,992	2,083,072	1,515,534	1,365,347	50,000	50,000	50,000	512,799	514,818	50,000
Capital grants and contributions	8,724,479	5,428,944	2,630,733	11,816,977	7,274,196	17,348,919	19,155,655	9,911,308	4,148,301	34,941,759
Total business-type activities program revenue	105,720,555	109,338,358	112,830,111	126,642,534	126,581,022	137,005,164	148,284,600	143,266,864	147,435,576	177,955,470
Total primary government program revenues	\$ 131,745,640	\$ 136,708,111	\$ 146,504,576	\$ 162,162,713	\$ 156,170,974	\$ 180,151,085	\$ 184,713,547	\$ 217,750,719	\$ 182,266,369	\$ 225,887,965
Net (expense)/revenue										
Governmental activities	\$ (46,948,789)	\$ (51,931,914)	\$ (51,975,616)	\$ (51,883,477)	\$ (60,757,197)	\$ (41,223,460)	\$ (45,056,450)	\$ (22,777,556)	\$ (63,994,443)	\$ (71,325,957)
Business-type activities	24,381,830	28,430,846	21,091,700	22,153,394	25,008,083	34,270,751	44,777,289	37,403,068	38,883,528	58,814,942
Total primary government net expense	\$ (22,566,959)	\$ (23,501,068)	\$ (30,883,916)	\$ (29,730,083)	\$ (35,749,114)	\$ (6,952,709)	\$ (279,161)	\$ 14,625,512	\$ (25,110,915)	\$ (12,511,015)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Revenues and Other Changes In										
Net Position										
Governmental revenues:										
Property taxes	\$ 15,073,906	\$ 13,392,417	\$ 13,176,332	\$ 12,438,085	\$ 12,090,421	\$ 17,463,263	\$ 18,353,796	\$ 17,456,810	\$ 17,401,817	\$ 19,017,910
Vehicle	957,751	841,044	800,751	732,313	773,424	914,073	936,207	889,318	749,854	730,969
Sales taxes	17,005,890	17,427,786	17,918,297	18,973,348	19,582,083	20,675,621	23,865,184	27,030,311	27,765,087	27,552,358
Franchise taxes	8,968,660	9,048,377	9,600,873	9,952,771	9,754,177	9,804,436	10,306,045	10,814,959	11,982,695	12,038,245
RAP	-	-	1,215,568	1,277,460	1,349,125	1,433,495	1,647,562	1,943,033	2,012,720	1,963,326
Other taxes	-	-	-	662,512	848,059	739,068	743,627	1,001,787	1,307,212	1,087,219
Investment earnings	433,330	620,547	535,793	1,250,036	2,947,191	3,260,602	1,124,993	1,026,770	4,757,121	6,167,642
Gain on sale of capital assets	37,960	1,687,243	194,406	1,381,050	-	-	33,390	1,387,535	-	9,474,304
Miscellaneous	1,899,668	1,900,632	2,474,606	2,031,061	408,414	1,788,227	496,157	1,233,051	2,468,500	2,400,297
Transfers	13,176,393	15,116,342	15,157,353	8,738,733	14,998,527	13,515,098	16,307,239	17,472,903	(8,020,601)	14,436,068
Total governmental activities	57,553,558	60,034,388	61,073,979	57,437,369	62,751,421	69,593,883	73,814,200	80,256,477	60,424,405	94,868,338
Business Activities										
Property taxes	-	-	-	-	-	-	197,564	147,077	135,326	134,909
Investment earnings	320,033	671,981	867,623	2,051,911	2,427,192	2,073,895	3,673,287	2,400,345	3,389,193	433,290
Miscellaneous	2,126,041	3,322,887	3,205,018	4,658,267	4,492,096	8,292,675	4,819,262	9,405,335	4,062,093	6,567,236
Transfers	(13,176,393)	(15,116,342)	(15,157,353)	(8,738,733)	(14,998,527)	(13,515,098)	(16,307,239)	(17,472,903)	8,020,601	(14,436,068)
Total business-type activities	(10,730,319)	(11,121,474)	(11,084,712)	(2,028,555)	(8,079,239)	(3,148,528)	(7,617,126)	(5,520,146)	15,607,213	(7,300,633)
Total primary government	46,823,239	48,912,914	49,989,267	55,408,814	54,672,182	66,445,355	66,197,074	74,736,331	76,031,618	87,567,705
Change in Net Position										
Governmental activities	10,604,769	8,102,474	9,098,363	5,553,892	1,994,224	28,370,423	28,757,750	57,478,921	(3,570,038)	23,542,381
Business-type activities	13,651,511	17,309,372	10,006,988	20,124,839	16,928,844	31,122,223	37,160,163	31,882,922	54,490,741	51,514,309
Total primary government	\$ 24,256,280	\$ 25,411,846	\$ 19,105,351	\$ 25,678,731	\$ 18,923,068	\$ 59,492,646	\$ 65,917,913	\$ 89,361,843	\$ 50,920,703	\$ 75,056,690

PROVO CITY CORPORATION
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General fund										
Nonspendable	\$ 47,384	\$ 86,484	\$ 86,484	\$ 86,484	\$ 2,105,204	\$ 2,124,898	\$ 2,145,974	\$ 2,123,747	\$ 2,336,728	\$ 2,179,854
Restricted	2,287,246	2,896,963	3,268,514	2,920,045	3,850,873	10,120,886	6,182,312	31,339,805	6,483,665	7,426,467
Assigned	1,968,150	2,001,787	3,716,456	3,074,233	4,596,810	2,015,279	2,834,544	15,262,773	8,248,195	6,197,357
Unassigned	8,633,582	11,170,908	9,882,260	13,128,183	12,274,382	15,289,176	20,892,051	24,894,299	21,052,967	24,516,933
Total general fund	<u>\$ 12,936,362</u>	<u>\$ 16,156,142</u>	<u>\$ 16,953,715</u>	<u>\$ 19,208,945</u>	<u>\$ 22,827,269</u>	<u>\$ 29,550,239</u>	<u>\$ 32,054,881</u>	<u>\$ 73,620,624</u>	<u>\$ 38,121,555</u>	<u>\$ 40,320,611</u>
All other governmental funds										
Nonspendable	\$ 16,722,115	\$ 14,639,889		\$ -	\$ 1,599,891	\$ 1,599,891	\$ 1,599,891	\$ 1,599,891	\$ 1,599,891	\$ 1,599,891
Restricted	16,292,451	19,145,615	43,802,747	47,198,501	113,485,788	111,033,529	91,354,322	66,487,613	63,602,114	58,264,837
Assigned	9,126,122	9,756,875	3,668,721	3,544,916	3,471,504	3,490,506	3,629,209	3,288,461	2,721,469	2,151,354
Total all other governmental funds	<u>\$ 42,140,688</u>	<u>\$ 43,542,379</u>	<u>\$ 47,471,468</u>	<u>\$ 50,743,417</u>	<u>\$ 118,557,183</u>	<u>\$ 116,123,926</u>	<u>\$ 96,583,422</u>	<u>\$ 71,375,965</u>	<u>\$ 67,923,474</u>	<u>\$ 62,016,082</u>

PROVO CITY CORPORATION
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Taxes	\$ 42,006,207	\$ 40,709,624	\$ 43,117,537	\$ 43,832,628	\$ 44,190,143	\$ 50,828,367	\$ 55,642,743	\$ 58,926,615	\$ 61,219,385	\$ 62,390,027
Licenses and permits	1,777,267	2,933,085	1,738,359	1,111,158	1,577,817	1,466,524	2,038,818	1,740,235	2,036,084	1,893,713
Intergovernmental	11,547,377	5,881,770	18,776,094	17,589,792	14,492,046	26,894,300	16,421,401	55,405,194	15,862,114	27,805,060
Charges for services	8,946,041	10,037,500	12,998,982	13,342,679	11,714,458	11,364,218	11,837,332	13,534,560	14,103,043	14,902,990
Fine and forfeitures	1,738,683	1,682,019	1,605,937	1,565,656	1,871,934	1,654,516	1,385,340	1,435,716	1,556,997	1,673,779
Overhead charges	1,614,257	1,503,588	1,265,006	-	-	-	-	-	-	-
Impact fees	1,634,747	886,530	1,513,968	1,170,316	1,863,881	1,623,389	4,564,697	2,285,835	1,194,802	1,558,729
Interest income	211,099	285,249	397,186	856,766	2,273,148	2,902,223	806,243	742,773	3,925,883	5,119,624
Loan interest repayments	100,519	22,162	67,549	165,430	333,416	7,661	233,655	186,327	100,000	-
Lease income	20,198	87,600	43,800	43,800	49,275	17,400	5,400	15,000	18,606	15,000
Miscellaneous	1,660,168	2,612,063	401,004	2,096,810	59,245	636,473	238,777	1,644,533	1,414,650	1,719,204
Total revenues	71,256,563	66,641,190	81,925,422	81,775,035	78,425,363	97,395,071	93,174,406	135,916,788	101,431,564	117,078,126
Expenditures:										
Current:										
General government	11,245,907	12,253,955	13,363,302	12,369,526	12,102,684	13,047,448	12,644,000	14,301,722	15,421,110	15,642,820
Public safety	26,575,986	27,007,098	28,838,342	30,470,529	30,751,377	32,097,242	32,855,455	34,930,403	38,888,376	43,119,520
Public services	6,797,657	5,094,139	5,775,748	3,951,623	4,139,504	4,351,034	4,177,421	4,197,326	5,251,732	5,879,215
Culture and recreation	18,600,491	15,038,842	15,332,551	15,867,803	15,710,092	15,702,554	15,798,631	17,339,808	18,782,539	20,379,508
Community revitalization	10,101,727	14,920,194	13,276,267	9,504,539	7,056,199	5,632,329	6,723,542	7,603,784	5,903,756	5,975,951
Total current expenditures	73,321,768	74,314,228	76,586,210	72,164,020	69,759,856	70,830,607	72,199,049	78,373,043	84,247,513	90,997,014
Debt service:										
Interest	3,264,384	4,094,485	3,008,436	2,560,458	2,606,376	4,962,216	4,668,450	4,348,153	4,068,053	3,800,311
Rent/Lease Principal	289,378	273,864	836,110	836,112	836,111	836,111	836,111	836,111	836,111	-
Principal on debt	4,749,396	2,691,361	3,686,004	3,824,000	5,472,496	6,620,690	6,610,000	6,728,000	7,007,000	7,272,000
Service fees on debt	15,192	11,250	8,750	178,238	725,077	10,360	41,151	9,090	9,497	6,876
Interest - interfund	87,060	22,068	5,644	-	-	13,469	12,351	44,229	33,578	107,887
Total debt service	8,405,410	7,093,028	7,544,944	7,398,808	9,640,060	12,442,846	12,168,063	11,965,583	11,954,239	11,187,074
Capital outlay:										
Capital outlay	473,786	887,369	7,943,154	13,285,080	15,394,642	26,990,576	42,171,645	49,356,140	35,985,287	41,111,083
Total expenditures	82,200,964	82,294,625	92,074,308	92,847,908	94,794,558	110,264,029	126,538,757	139,694,766	132,187,039	143,295,171
Excess (deficiency) of revenues over (under) expenditures	(10,944,401)	(15,653,435)	(10,148,886)	(11,072,873)	(16,369,195)	(12,868,958)	(33,364,351)	(3,777,978)	(30,755,475)	(26,217,045)
Other financing sources (uses):										
Transfers from other funds	20,912,245	17,605,399	17,612,927	17,430,928	18,103,703	21,127,175	30,496,807	25,003,742	32,056,286	20,389,861
Transfers to other funds	(9,203,253)	(2,801,260)	(2,797,911)	(2,956,490)	(3,953,534)	(8,565,390)	(14,168,318)	(5,614,413)	(40,784,891)	(7,307,612)
Debt issuance	-	-	-	31,157,107	-	-	-	-	-	-
Note proceeds	-	5,500,000	-	-	-	-	-	-	-	-
Proceeds of bonds	-	-	-	-	70,850,258	2,500,000	-	-	-	-
Deposit to escrow agent	-	-	-	(29,884,480)	-	-	-	-	-	-
Sale of assets	975,465	774,944	60,531	852,988	2,800,858	2,096,886	-	746,935	532,520	9,426,460
Total other financing sources (uses)	12,684,457	21,079,083	14,875,547	16,600,053	87,801,285	17,158,671	16,328,489	20,136,264	(8,196,085)	22,508,709
Net change in fund balances										
Fund balance	1,740,056	5,425,648	4,726,661	5,527,180	71,432,090	4,289,713	(17,035,862)	16,358,286	(38,951,560)	(3,708,336)
Fund balance beginning of year restated	53,336,994	54,272,873	59,698,521	64,425,182	69,952,362	141,384,452	145,674,165	128,638,303	144,996,589	106,045,029
Prior period adjustment	(804,177)	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ 54,272,873	\$ 59,698,521	\$ 64,425,182	\$ 69,952,362	\$ 141,384,452	\$ 145,674,165	\$ 128,638,303	\$ 144,996,589	\$ 106,045,029	\$ 102,336,693
Debt service to noncapital expenses ratio	10.23%	8.62%	8.20%	7.97%	10.17%	11.29%	9.62%	8.57%	9.05%	7.81%

PROVO CITY CORPORATION
GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Property Tax	Vehicle Fees (in lieu of taxes)	Sales Tax (2)	Rap Tax	Lodging Tax	Municipal Energy Tax	Franchise Fee Tax	Total Tax Revenue
2015	13,633,000	958,000	16,625,000	-	380,000	110,000	8,749,000	40,455,000
2016	13,490,000	841,000	17,010,000	-	410,000	90,000	8,869,000	40,710,000
2017	13,176,333	800,750	17,918,297	1,215,568	433,863	175,193	9,397,533	43,117,537
2018	12,438,084	732,313	18,973,348	1,277,460	464,447	198,065	9,748,910	43,832,627
2019	12,113,294	773,424	19,582,083	1,349,125	510,471	314,715	9,547,031	44,190,143
2020	17,463,262	914,073	20,675,622	1,433,495	420,979	318,089	9,602,847	50,828,367
2021	18,353,796	936,207	23,865,184	1,647,562	419,046	324,581	10,306,046	55,852,422
2022	17,456,809	889,318	27,030,311	1,943,033	589,572	412,215	10,814,960	59,136,218
2023	17,401,817	749,855	27,765,087	2,012,720	675,390	631,822	11,982,696	61,219,387
2024	19,017,910	730,969	27,552,358	1,963,326	665,672	421,546	12,038,246	62,390,027

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

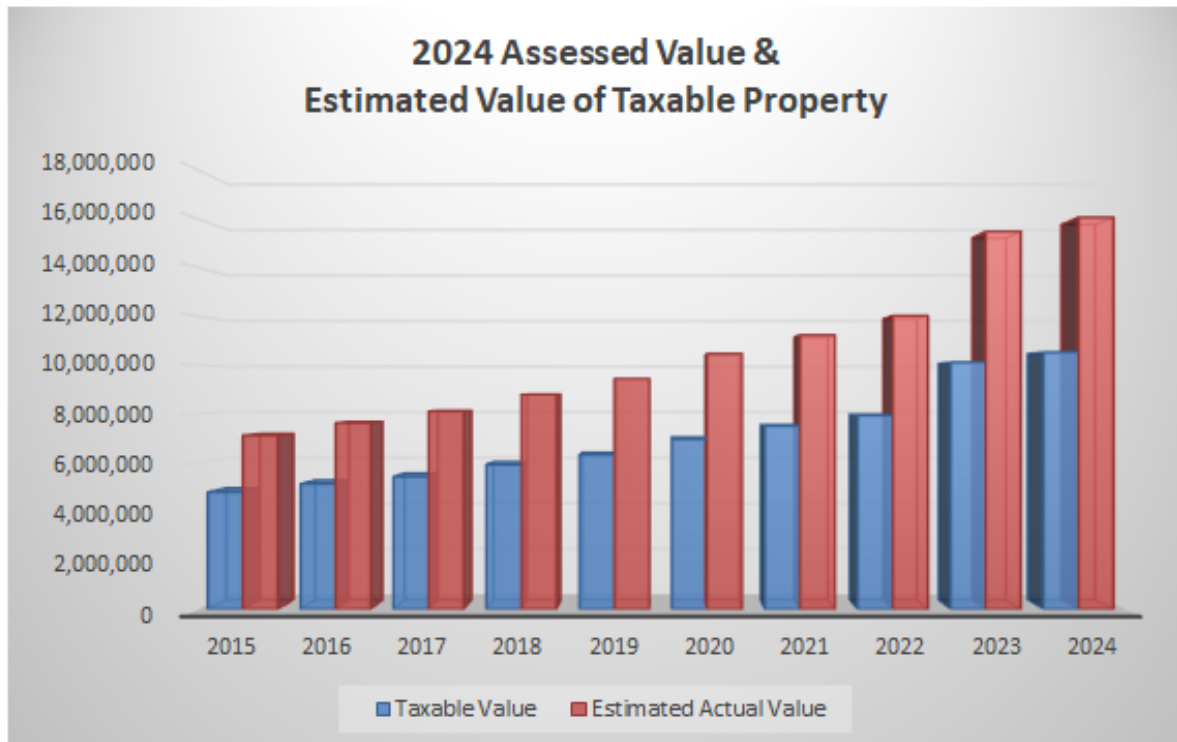
(2) The municipal portion of Sales Tax is 1.0% with half determined by point of sale and half by population

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

PROVO CITY CORPORATION
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)

TAXABLE VALUE (1)							Ratio of Total Taxable Value To
Fiscal Year	Real Property	Personal Property	Centrally Assessed	Taxable Value	Total Direct Tax Rate	Estimated Actual Value	Total Estimated Actual Value
2015	4,383,608	326,867	82,966	4,793,441	0.002377	7,116,336	67.36%
2016	4,683,921	347,853	101,059	5,132,833	0.002239	7,627,414	67.29%
2017	4,975,666	340,697	108,328	5,424,691	0.002089	8,104,397	66.94%
2018	5,434,300	357,035	122,362	5,913,697	0.001888	8,791,727	67.26%
2019	5,848,687	313,432	148,687	6,310,806	0.002560	9,442,223	66.84%
2020	6,434,400	383,351	147,683	6,965,434	0.002426	10,464,027	66.57%
2021	6,903,119	423,887	171,688	7,498,694	0.002230	11,222,280	66.82%
2022	7,369,999	382,332	181,608	7,933,939	0.001710	12,013,943	66.04%
2023	9,514,373	426,938	167,565	10,108,876	0.001791	15,453,932	65.41%
2024	9,842,662	550,581	129,636	10,522,879	0.001775	16,032,068	65.64%

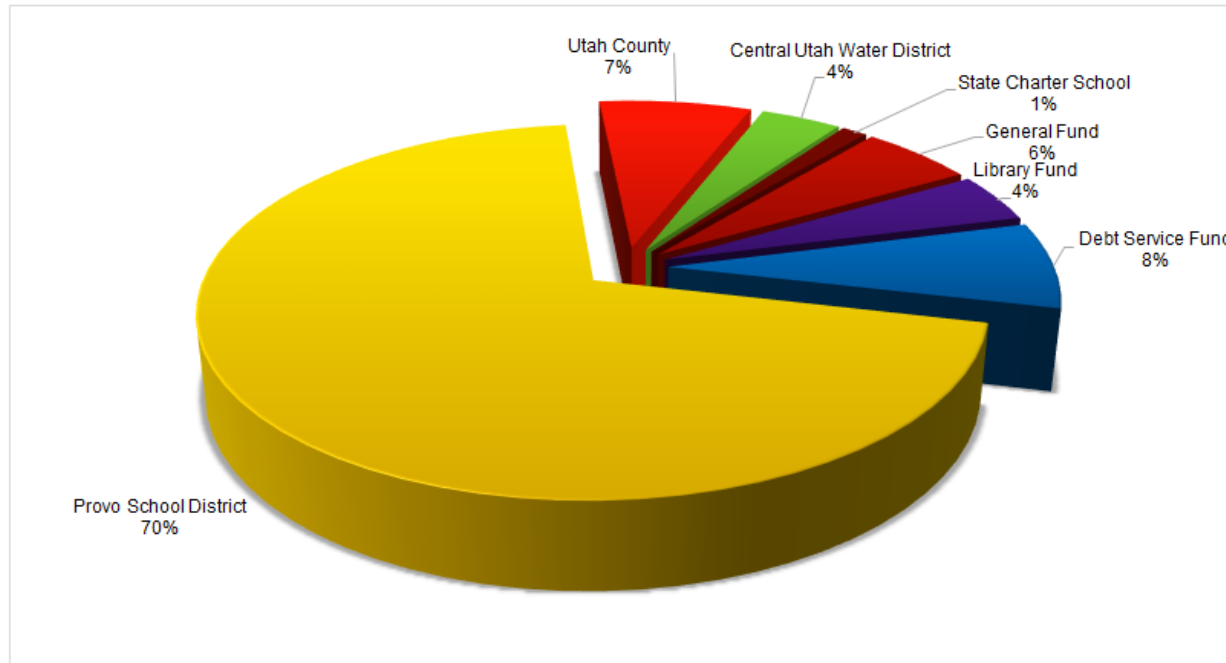
(1) Source: Utah State Tax Commission



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

Calendar Year	City of Provo				Other Taxing Entities (1)						Total Tax Rate
	General Fund	Library Fund	Debt Service Fund	Total	Provo School District	Utah County	Central UT Water District	State Charter School	Total		
2015	0.000964	0.000699	0.000714	0.002377	0.007568	0.001098	0.000405	N/A	0.009071	0.011448	
2016	0.000914	0.000663	0.000662	0.002239	0.007883	0.001049	0.000400	N/A	0.009332	0.011571	
2017	0.000857	0.000622	0.000661	0.002089	0.007244	0.000969	0.000400	0.000083	0.008696	0.010785	
2018	0.000812	0.000589	0.000487	0.001888	0.007487	0.000911	0.000400	0.000089	0.008887	0.010775	
2019	0.000763	0.000554	0.001243	0.002560	0.007032	0.000842	0.000400	0.000097	0.008371	0.010931	
2020	0.000728	0.000529	0.001169	0.002426	0.007244	0.001202	0.000400	0.000093	0.008939	0.011365	
2021	0.000683	0.000496	0.001051	0.002230	0.006926	0.000853	0.000400	0.000091	0.008270	0.0105	
2022	0.000539	0.000380	0.000791	0.001710	0.007227	0.000787	0.000400	0.000096	0.008510	0.01022	
2023	0.000587	0.000406	0.000809	0.001802	0.005829	0.000781	0.000400	0.001504	0.008514	0.010316	
2024	0.000563	0.000440	0.000772	0.001775	0.007084	0.00076	0.000400	0.000124	0.008368	0.010143	

(1) SOURCE: Utah County Auditor



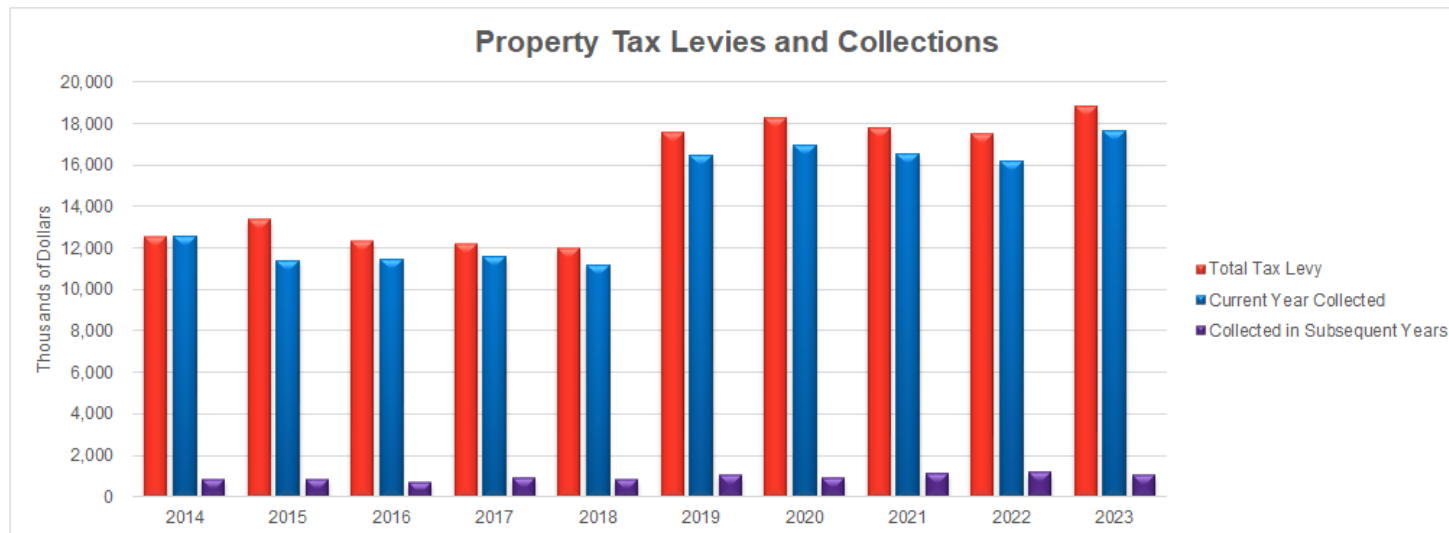
**PROVO CITY CORPORATION
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Ten Years Ago
June 30, 2024
(amounts expressed in thousands)**

<u>Taxpayer</u>	2024		2014	
	Taxable Assessed	Percentage of Total Taxable	Taxable Assessed	Percentage of Total Taxable
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
SIR PROPERTIES TRUST	115,749	1.20%	\$ 78,616	1.71%
NU SKIN INTERNATIONAL INC	93,220	0.96%	88,805	1.93%
IHC HEALTH SERVICES INC	91,499	0.95%	10,435	0.23%
B+F TIMPANOGOS TECH CENTER LLC	71,409	0.74%		
DUNCAN AVIATION	55,320	0.57%		
CENTRAL UTAH INVESTMENT COMPANY LLC (ET AL)	51,310	0.53%	33,948	0.74%
STORYTELLER CANYON PROPERTY OWNER LP	46,028	0.48%		
PEG PRV 200 FREEDOM OFFICE LLC	44,821	0.46%		
QUESTAR GAS	43,613	0.45%	22,469	0.49%
QUALTRICS PROVO HQ LLC	40,776	0.42%		
UNION PACIFIC RAILROAD COMPANY	38,854	0.40%	14,409	0.31%
BRIXTON PROVO MALL LLC	33,724	0.35%	49,579	1.08%
TIGRISWOODS LLC	31,290	0.32%	14,427	0.31%
PMH INVESTORS LLC	31,100	0.32%	10,890	0.24%
LINDSAY LAND & LIVESTOCK LLC	29,463	0.30%		
HRA BRANBURY PARK LLC	29,032	0.30%	14,530	0.32%
RELIANT-UTAH LLC	28,600	0.30%		
UTAH COMMUNITY FEDERAL CREDIT UNION	26,134	0.27%		
NOORDA COLLEGE OF OSTEOPATHIC MEDICINE LLC	24,597	0.25%		
UTAH VALLEY MEDICAL OFFICES LC	22,980	0.24%		
TKG RIVERSIDE PLAZA LLC	22,792	0.24%		
GKT PARKWAY VILLAGE LC1 LLC (ET AL)	22,438	0.23%	17,721	0.38%
GLENWOOD OWNER LLC	21,178	0.22%		
WAR CHEST REAL ESTATE LLC (ET AL)	20,733	0.21%		
STAG INDUSTRIAL HOLDINGS LLC	20,192	0.21%		

Total assessed value for Provo	\$ 9,660,330	\$ 4,604,012	
includes real property only			
does not include any government, utilities, or phone company property			

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

Calendar Year Ended December 31	Total Tax Levy for Calendar Year	Total Adjusted Tax Levy	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Assessment
2014	12,497	13,361	12,583	100.69%	815	13,398	100.28%
2015	13,361	13,361	11,384	85.20%	785	12,169	91.08%
2016	12,339	12,339	11,465	92.92%	707	12,172	98.65%
2017	12,193	12,407	11,555	94.77%	901	12,456	100.39%
2018	11,977	12,651	11,203	93.54%	816	12,019	95.00%
2019	17,574	18,290	16,460	93.66%	1,006	17,463	95.48%
2020	18,249	18,726	16,975	93.02%	918	17,893	95.55%
2021	17,772	18,308	16,515	92.93%	1,084	17,599	96.13%
2022	17,508	17,901	16,157	92.28%	1,149	17,307	96.68%
2023	18,802	19,214	17,680	94.03%	1,008	18,688	97.26%



In accordance with Utah State law, the tax levy includes an allowance for both the 3 year average Board of Equalization grants of petition and the 5 year average tax collection rate. These allowances cause actual collections to more closely mirror the actual levy; however, these allowances may also enable actual collections to periodically exceed actual levies. Collections in subsequent years represent amounts collected within that fiscal year for prior fiscal years. Information is not available for what fiscal year collections may pertain.
Source: Utah Co. Auditor

PROVO CITY CORPORATION
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	(Provo-Orem) Percentage of Personal Income	(Provo) Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Leases	SBITA	Revenue Bonds	Notes Payable	Leases			
2014	41,038,613	31,698,621	188,286	919,382		6,257,290	-	-	80,102,192	0.02%	676
2015	38,212,933	29,764,653	42,979	462,500		48,300,677	-	-	116,783,742	0.03%	1,017
2016	36,554,876	27,737,685	-	5,500,000		46,011,771	-	-	115,804,332	0.03%	1,005
2017	34,866,822	25,701,717	-	6,793,165		43,857,861	-	-	111,219,565	0.03%	952
2018	35,411,472	23,567,748	-	5,797,502		47,156,093	-	-	111,932,815	0.04%	954
2019	103,961,042	20,155,779	1,149,504	7,273,895		44,853,579	-	-	177,393,799	0.02%	1,512
2020	99,236,398	17,849,810	3,369,814	5,958,298		42,350,951	5,000,000	-	173,765,271	0.03%	1,490
2021	94,399,257	15,419,842	3,135,814	4,616,632		54,578,325	10,149,553	413,165	182,712,588	0.03%	1,587
2022	89,610,888	12,856,874	1,974,155	3,248,360		78,891,699	10,149,553	767,936	197,499,465	0.03%	1,609
2023	84,682,516	10,154,906	1,679,000	1,852,935	613,477	109,166,948	10,149,553	581,503	218,880,838	**	**
2024	79,634,146	7,307,937	1,295,000	1,269,420	312,753	106,144,373	5,229,733	389,885	201,583,247	**	**

**Information not available at this time

Provo City Corporation
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015	38,212,933	1,230,000	36,982,933	7.72%	322
2016	36,554,876	1,004,000	35,550,876	6.93%	308
2017	34,866,822	1,085,067	33,781,755	6.23%	289
2018	35,411,472	1,080,462	34,331,010	5.81%	293
2019	103,961,042	1,084,023	102,877,019	16.30%	882
2020	99,236,398	1,079,046	98,157,352	14.09%	852
2021	94,399,257	1,074,839	93,324,418	12.45%	818
2022	89,610,888	1,343,506	88,267,382	11.13%	778
2023	84,682,516	1,371,020	83,311,496	8.24%	723
2024	79,634,146	1,380,916	78,253,230	**	**

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

**Information not available at this time

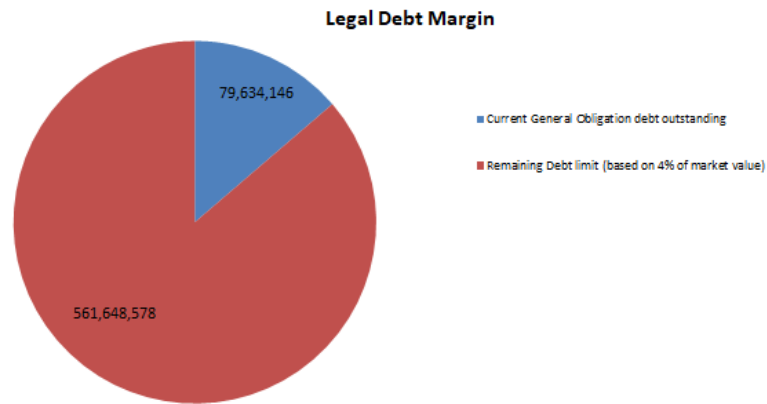
PROVO CITY CORPATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

<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*	\$ 1,532,000	100%	\$ 1,532,000
Utah County	<u>-</u>		<u>-</u>
Subtotal overlapping debt	<u>1,532,000</u>		<u>1,532,000</u>
 Direct Debt from Governmental activities:			
General Obligation Bonds			79,634,146
Revenue bonds			7,307,937
Leases			1,269,420
Notes Payable			1,295,000
Subscription Based IT Arrangements			<u>312,753</u>
Total Provo City Direct Debt from Governmental activities			<u>89,819,256</u>
 Total direct and overlapping debt			<u><u>\$ 91,351,256</u></u>

*The School District and City boundaries are the same.

PROVO CITY CORPORATION
Legal Debt Margin Information
Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 191,737,640	\$ 205,313,320	\$ 223,666,680	\$ 351,669,073	\$ 377,584,959	\$ 418,561,080	\$ 448,891,200	\$ 480,558,000	\$ 618,157,000	\$ 641,282,720
Total net debt applicable to limit	38,212,933	36,554,876	34,866,822	35,411,472	103,961,042	99,236,398	94,399,257	\$ 89,610,888	\$ 84,682,516	\$ 79,634,146
Legal debt margin	\$ 153,524,707	\$ 168,758,444	\$ 188,799,858	\$ 316,257,601	\$ 273,623,917	\$ 319,324,682	\$ 354,491,943	\$ 390,947,112	\$ 533,474,484	\$ 561,648,574
Total net debt applicable to the limit as a percentage of debt limit	19.93%	17.80%	15.59%	10.07%	27.53%	23.71%	21.03%	18.65%	13.70%	12.42%



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

Sales Tax Revenue Bonds					Wastewater Revenue Bonds						
Fiscal Year	Sales Tax Revenue	Debt Service			Fiscal Year	Charges and Other	Less: Net		Debt Service Principal	Interest	Coverage
		Principal	Interest	Coverage			Operating Expenses	Available Revenue			
2015	16,625,467	1,735,000	1,479,286	5.17	2015	6,898,529	4,483,344	2,415,185	-	-	-
2016	17,010,075	1,820,000	1,395,659	5.29	2016	8,118,457	5,014,814	3,103,643	310,000	348,025	4.72
2017	17,918,298	1,910,000	1,306,115	5.57	2017	9,539,983	7,057,377	2,482,606	310,000	344,750	3.79
2018	18,973,348	2,005,000	1,263,172	5.81	2018	11,329,082	6,429,272	4,899,810	320,000	277,153	8.21
2019	19,582,083	2,110,000	1,304,052	5.74	2019	14,998,704	7,405,388	7,593,316	335,000	322,650	11.55
2020	20,675,621	2,350,000	1,189,690	5.84	2020	17,030,188	6,206,089	10,824,099	350,000	305,900	16.50
2021	23,865,184	2,615,000	1,062,866	6.49	2021	21,795,873	10,109,918	11,685,955	370,000	288,400	17.75
2022	27,030,311	2,755,000	922,288	7.35	2022	25,202,555	8,112,202	17,090,353	385,000	269,900	26.10
2023	27,765,087	2,905,000	774,164	7.55	2023	24,858,094	8,190,408	16,667,686	405,000	250,650	25.42
2024	27,552,358	3,035,000	617,973	7.54	2024	25,663,316	9,043,866	16,619,450	425,000	230,400	25.36

Energy Revenue Bonds							Water Revenue Bonds						
Fiscal Year	Charges and Other	Less: Net		Debt Service			Fiscal Year	Charges and Other	Less: Net		Debt Service		
		Operating Expenses	Available Revenue	Principal	Interest	Coverage			Operating Expenses	Available Revenue	Principal	Interest	Coverage
2015	71,453,976	55,303,831	16,150,145	-	-	-	2015	10,617,881	6,632,506	3,985,375	-	-	-
2016	75,467,639	57,140,821	18,326,818	875,000	480,035	13.52	2016	11,602,845	7,574,864	4,027,981	370,000	417,566	5.11
2017	77,096,441	61,940,171	15,156,270	720,000	634,622	11.19	2017	13,341,166	7,995,529	5,345,637	375,000	413,675	6.78
2018	77,310,312	66,913,669	10,396,643	735,000	576,933	7.92	2018	14,458,782	9,561,473	4,897,309	385,000	332,188	6.83
2019	76,317,202	66,997,930	9,319,272	750,000	605,522	6.88	2019	14,568,792	11,037,632	3,531,160	400,000	387,025	4.49
2020	74,753,353	64,548,757	10,204,596	770,000	583,023	7.54	2020	15,255,075	11,912,122	3,342,953	420,000	367,025	4.25
2021	76,007,730	62,862,187	13,145,543	795,000	559,922	9.70	2021	16,555,242	12,390,777	3,964,465	440,000	346,025	5.04
2022	77,033,019	65,478,254	11,554,765	820,000	536,073	8.52	2022	15,209,063	10,402,669	4,806,394	465,000	324,025	6.09
2023	79,140,842	64,284,542	14,856,300	845,000	511,472	10.95	2023	16,571,921	10,867,961	5,703,960	485,000	300,775	7.26
2024	77,807,736	69,063,654	8,744,082	885,000	469,223	6.46	2024	17,235,108	11,558,675	5,676,433	510,000	276,525	7.22

Storm Drain Revenue Bonds						
Fiscal Year	Charges and Other	Less: Net		Debt Service		
		Operating Expenses	Available Revenue	Principal	Interest	Coverage
2015	2,838,459	1,822,821	1,015,638	545,000	251,738	1.27
2016	3,795,310	2,288,068	1,507,242	560,000	239,476	1.89
2017	4,593,555	2,871,503	1,722,052	575,000	222,676	2.16
2018	4,929,742	2,408,114	2,521,628	595,000	201,564	3.17
2019	5,795,353	2,301,539	3,493,814	610,000	184,576	4.40
2020	5,829,834	2,191,067	3,638,767	630,000	165,738	4.57
2021	5,897,954	3,206,142	2,691,812	645,000	133,888	3.46
2022	5,935,821	3,738,464	2,197,357	665,000	103,250	2.86
2023	6,023,243	2,450,241	3,573,002	690,000	70,000	4.70
2024	5,989,306	3,830,925	2,158,381	710,000	35,500	2.90

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**

Provo-Orem (MSA)								
<u>FISCAL YEAR</u>	<u>PROVO POPULATION</u>	<u>Provo-Orem PERSONAL INCOME (millions)</u>	<u>PER PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UTAH UNEMPLOYMENT RATE</u>	<u>REGISTERED VOTERS</u>	<u>NUMBER PUBLIC SCHOOLS</u>
2015	114,807	21,535	34,227	23.5	16,600	3.6	40,558	18
2016	115,264	21,811	36,154	23.6	15,914	3.4	41,737	22
2017	116,868	23,518	38,075	23.7	16,302	3.5	41,805	22
2018	117,335	25,877	40,831	23.6	17,165	3.3	34,536	22
2019	116,618	27,825	42,923	23.6	15,486	2.8	41,452	22
2020	115,162	30,766	46,393	23.7	15,152	5	41,453	22
2021	114,084	35,286	50,616	23.7	13,019	2.6	45,441	22
2022	113,523	38,418	53,731	23.6	14,840	2.1	43,040	22
2023	**	**	**	23.4	14,316	2.4	45,221	22
2024	**	**	**	**	14,263	3.5	46,167	23

Data Sources

census.gov

BEA.gov

Provo.edu

Jobs.Utah.Gov

Provo City recorder

**Information not available at this time

PROVO CITY CORPORATION
PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago
June 30, 2024
(Unaudited)

EMPLOYER	<u>2024</u>	<u>2014</u>
	<u>Employees</u>	<u>Employees</u>
BRIGHAM YOUNG UNIVERSITY	5000-6999	5000-6999
UTAH VALLEY HOSPITAL	3000-3999	3000-3999
VIVINT, INC.	2000-2999	3000-3999
CENTRAL UTAH MEDICAL CLINIC	1000-1999	500-999
CHRYSALIS UTAH, INC.	1000-1999	
QUALTRICS, LLC	1000-1999	250-499
A&A STAFFING SOLUTIONS INC.	500-999	
UHS OF PROVO CANYON, INC.	500-999	250-499
UTAH STATE HOSPITAL	500-999	500-999
PROVO CITY	500-999	500-999
ARM SECURITY INC	250-499	
BOYS AND GIRLS CLUB OF UTAH COUNTY	250-499	
DESERET INDUSTRIES	250-499	
DUNCAN AVIATION, INC.	250-499	
HEALTH DEPT	250-499	
HERITAGE SCHOOLS, INC.	250-499	250-499
KELLY SERVICES USA, LLC	250-499	
KENNY SENG CONSTRUCTION	250-499	
MCWANE DUCTILE UTAH	250-499	
NU SKIN INTERNATIONAL INC	250-499	250-499
SII MEGADIAMOND, INC.	250-499	250-499
TAX HAWK INC	250-499	
UTAH COMMUNITY CREDIT UNION	250-499	
UTAH COUNTY	250-499	
UTAH VALLEY NEUROLOGICAL	250-499	
WAVETRONIX LLC	250-499	

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

<u>Function</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government	143	142	146	144	145	153	143	152	150	154
Public Safety										
Fire	80	80	80	80	83	83	84	85	85	88
Police	165	168	172	172	153	157	155	157	159	162
Emergency Response	7	5	4	4	27	26	25	28	28	44
Public Services										
Street Maintenance	16	16	16	16	16	16	16	16	16	16
Engineering	16	16	17	17	18	20	18	20	21	21
Culture and Recreation	229	221	224	219	241	250	253	248	257	259
Other										
Water	36	37	37	35	36	37	40	39	39	39
Wastewater	28	28	29	30	30	35	34	34	36	38
Energy	64	66	67	69	69	70	67	68	68	65
Airport	4	4	4	4	4	5	6	6	14	14
Sanitation	14	17	17	19	35	21	21	21	22	22
Golf Course	8	14	14	14	13	13	15	25	28	28
Vehicle Maintenance	8	8	8	8	8	9	9	10	12	12
Facilities	8	8	8	8	8	8	8	8	8	8
	826	830	843	839	886	903	894	917	943	970

PROVO CITY CORPORATION
Operating Indicators By Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police (Calendar Year)										
Adult Arrest	2,215	2,275	2,072	2,443	1,928	2,324	2,258	2,177	1,852	2,178
DUI violations	245	222	227	209	188	216	278	240	216	209
Juvenile Arrests	470	328	343	354	487	258	245	221	306	371
Parking violations	14,027	14,632	17,611	20,624	22,899	16,250	16,133	17,369	19,411	20,014
Traffic violations	9,618	8,097	7,865	7,197	10,915	8,044	6,460	5,393	4,864	5,587
Fire (Calendar Year)										
Number of ambulance calls	4831	4992	5,153	5,078	5,001	4,929	5,080	5,369	5,362	5,471
Number of FIRE/EMS combined	10931	11495	11,023	11,522	11,505	11,470	11,904	12,868	10,685	7,362
Inspections	455	420	424	329	476	240	279	456	477	813
Highways and streets										
General Road Repair (tons of asphalt used)	17,318	21,696	13,312	24,189	16,513	17,629	7,000	7,000	14,000	12,225
Sidewalks replaced (linear feet)	8,320	10,547	6,285	8,080	7,021	7,464	9,812	7,500	4,100	2,745
Sanitation										
Refuse collected (tons/yr)	21,108	N/A	21,148	21,208	21,483	21,023	22,966	22,703	22,339	22,748
Recyclables collected (tons/yr)	2,163	N/A	2,586	2,657	2,574	2,508	2,685	2,648	2,641	2,501
Culture and recreation										
Recreation Center Attendance	1,610,996	1,882,865	1,976,552	2,050,209	2,034,949	1,616,000	1,600,000	1,623,000	1,658,000	1,760,000
Youth sports program participants	53,359	55,635	68,525	63,706	58,892	35,887	52,202	64,225	82,357	87,215
Adult sports program participants	49,595	51,612	52,462	52,111	40,142	20,676	15,856	28,766	42,360	39,338
Aquatics program participants	114,520	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Senior citizen program participants	25,028	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community special events participants	31,795	31,226	28,750	35,380	32,790	24,500	19,000	19,200	19,500	19,500
Covey Center for the Arts Participants	124,276	118,427	109,225	106,380	102,200	72,210	89,672	155,137	122,009	126,434
Peaks Ice Arena participants	345,435	352,444	375,000	382,000	387,000	378,000	344,000	389,000	345,000	340,000
Community program Participants	23,064	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Energy										
Energy Requirements (kwh)	810,420,898	N/A	813,661,048	794,234,831	794,234,831	775,952,424	794,674,307	794,163,074	810,183,761	764,163,299
Water										
Number of Consumers (connections)	18,999	19,067	19,239	19,422	19,561	19,472	19,597	19,639	19,691	19,989
Water mains breaks	34	33	35	41	21	27	26	17	30	53
Average Daily Consumption (gallons)	24,209,238	24,219,560	24,687,164	24,781,688	20,855,276	25,254,395	26,464,879	22,988,372	22,427,556	23,617,918
Wastewater										
Average daily sewage treatment (gallons)	11,600,000	11,025,000	12,441,660	11,300,000	11,580,000	11,033,000	10,570,000	10,740,000	12,170,000	11,880,000

Sources: Various government departments

*Starting in 2016 these Park numbers are combined due to the opening of the New Provo Recreation Center

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

<u>Function</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub Stations	1	1	1	1	0	0	0	0	0	0
Police Officers	105	105	105	105	105	113	107	118	123	123
Fires Stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks	13	13	14	14	16	16	16	16	16	17
Highways and streets										
Street lane miles	882	882	646	639	640	643	646	647	630	645
Traffic signals	94	105	49	49	50	48	50	50	50	53
Water										
Water mains (miles)	393	399	393	398	400	403	422	422	432	432
Fire hydrants	3,156	3,204	3,271	3,303	3,325	3,328	3,422	3,450	3,504	3,502
Sewer										
Sanitary sewers (miles)	313	310	293	315	317	319	321	327	321	321
Storm sewers (miles)	127	128		135	132	134	135	152	152	152
Electric										
Number of distribution stations	19	19	18	18	18	20	20	20	20	20
Miles of service lines	400	400	400	400	412	413	426	422	429	464
Number of consumer connections	36,139	36,536	36,800	37,377	37,352	37,725	37,776	38,893	39,004	39,473
Culture and recreation										
Cemeteries	1	1	1	1	1	1	1	1	1	1
Cultural Arts Centers	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Gun Range	1	1	1	1	1	1	1	1	1	1
Ice Arena	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Museums	2	2	2	2	2	2	2	2	2	2
Parks										
Developed	53	54	54	54	54	54	54	54	55	56
Developed park acreage	802	800	800	800	794	794	799	799	807	815
Undeveloped	11	10	10	10	8	8	8	9	8	9
Undeveloped Parks (Partial)	14	14	14	14	16	16	19	19	18	18
Undeveloped park acreage	1,370	1,369	1,369	1,369	1,223	1,223	1,245	1,281	1,273	1,258
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	5	5	5	5	5	5
Pocket Parks	4	4	4	4	4	4	4	5	5	5
Pocket Parks (Acres)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.6	1.6	1.6
Neighborhood Parks	18	17	17	17	17	17	17	17	18	19
Neighborhood Parks (Acres)	90.9	88.2	88.2	88.2	82.2	82.2	82.2	82.2	90.0	90.1
Community Parks	14	15	15	15	14	14	14	14	14	14
Community Parks (Acres)	283.1	283.1	283.1	283.1	252.0	252.0	252.0	252.0	252.0	252.0
Regional Parks	4	4	4	4	7	7	7	7	7	7
Regional Parks (Acres)	167.4	167.4	167.4	167.4	204.0	204.0	204.0	4.0	204.0	204.0
Conservation Parks	5	5	5	5	5	5	5	5	5	5
Conservation Parks (Acres)	609.6	609.6	609.6	609.6	609.6	609.6	609.6	609.6	609.6	609.6
Greenways/Road Frontage Landscapes	8	8	8	8	8	8	9	9	9	10
Greenways/Road Frontage Landscapes (Acres)	68.4	68.4	68.4	68.4	68.4	68.4	74.7	74.7	74.7	76.0
Trailhead Parks	7	7	7	7	7	7	7	7	7	7
Trailhead Parks (Acres)	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2
Pathways/Trails	15	14	14	14	14	14	14	14	14	14
Pathways/Trails(Miles)	37.2	35.4	35.4	35.4	35.4	35.4	35.4	35.7	36.1	36.1
Open Space (Acres)	553.8	553.8	553.8	553.8	553.8	553.8	553.8	553.8	553.8	553.8
Turf Acres in Developed Areas (Acres)	463.9	461.9	461.9	461.9	452.0	452.0	452.0	452.0	456.9	460.0
Special Use Facilities										
Big Springs Camp (Acres)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Center Street Linear Park (Acres)	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Municipal Center (Acres)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Shooting Sports Park (Acres)	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Academy Square Library (Acres)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Cemetery (Acres)	49.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1	57.1
Covey Center for the Arts (Acres)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
East Bay Golf Course (Acres)	226.0	226.0	226.0	226.0	226.0	226.0	227.3	227.3	227.3	227.3
Provo Recreation Center (Acres)	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Peaks Ice Arena (Acres)	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6

Sources: Various City departments

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APPENDIX B

[MASTER INDENTURE]

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CITY OF PROVO, UTAH

MASTER TRUST INDENTURE
PROVIDING FOR THE ISSUANCE OF
WASTEWATER REVENUE BONDS

BETWEEN

CITY OF PROVO, UTAH

AND

ZIONS FIRST NATIONAL BANK, AS TRUSTEE

DATED AS OF FEBRUARY 1, 2015

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**MASTER TRUST INDENTURE
PROVIDING FOR THE ISSUANCE OF
WASTEWATER REVENUE BONDS**

THIS MASTER TRUST INDENTURE PROVIDING FOR THE ISSUANCE OF WASTEWATER REVENUE BONDS, dated as of February 1, 2015, by and between City of Provo, Utah, (the “*Issuer*”) and Zions First National Bank, a national banking association duly organized and qualified under the laws of the United States to accept and administer the trust hereby created, and having its principal place of business in Salt Lake City, Utah (the “*Trustee*”):

WITNESSETH:

WHEREAS, the Municipal Council of the Issuer has determined that the public interest and necessity demand the acquisition and construction of improvements and extensions to the System of the Issuer in order to carry out the objects and purposes for which the Issuer was created, and to provide for the execution of contracts with the federal government, the State of Utah or other entities by the Issuer as authorized by law, all payable on a parity as to Revenues of the Issuer as provided herein; and

NOW, THEREFORE, the Issuer and the Trustee agree as follows for the benefit of the other and for the benefit of the owners of the Bonds issued pursuant to this Indenture:

GRANTING CLAUSE

In order to secure the payment of Principal, Redemption Price and interest on the Bonds and of Repayment Obligations in accordance with their terms and the provisions of the Indenture, and to secure the observance and performance of all the covenants contained herein, in the Bonds and the Repayment Obligations, the Issuer hereby assigns and pledges to the Trustee and grants to the Trustee a security interest in all right, title and interest of the Issuer in and to (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established or confirmed by the Indenture (except as provided in Section 5.01), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of Section 148(f) of the Code, and all other rights hereinafter granted for the further securing of said Bonds and Repayment Obligations (collectively, the “*Trust Estate*”), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, such Trust Estate to be held:

FIRST, for the equal and proportionate benefit, security and protection of all Bondholders and all Security Instrument Issuers, without preference, priority or distinction as to security or otherwise of any of the Bonds, or Security Instrument Repayment Obligations over any of the others, except as otherwise expressly provided in or permitted by the Indenture, by reason of time of issuance, sale,

delivery, maturity or expiration thereof or otherwise for any cause whatsoever; and

SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Issuers, without preference, priority or distinction as to security or otherwise of any Reserve Instrument Repayment Obligations over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever.

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND EQUALITY OF BONDS

Section 1.01. Definitions. Unless the context otherwise requires:

(a) The terms defined in this Section shall, for all purposes of the Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified; and

(b) Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, trusts, corporations or governments or agencies or political subdivisions thereof.

ACCOUNT

“Account” means one of the accounts established pursuant to Section 5.02.

ACCRETED AMOUNT

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price plus the accumulated and compounded interest on such Bonds.

ACCRUED DEBT SERVICE

“Accrued Debt Service” means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds and any related Security Instrument Repayment Obligation, calculating the Debt Service that has accrued with respect to each Series of Bonds (other than Pledged Bonds) and each related Security Instrument Repayment Obligation as an amount equal to the sum of (1) the interest on the Bonds of such Series (other than interest on Capital Appreciation Bonds constituting an Accreted Amount thereof) and on any related Security Instrument Repayment Obligation that has accrued and is unpaid and that will have

accrued by the end of the then current calendar month, and (2) that portion of all Principal Installments payable within the twelve-month period following the date of calculation for the Bonds of such Series (other than Subordinated Bond Anticipation Notes) and on any related Security Instrument Repayment Obligation that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

ACT

“Act” means the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and all laws amendatory thereof or supplemental thereto.

AGGREGATE DEBT SERVICE

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

AUTHORIZED AMOUNT

“Authorized Amount” means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

AUTHORIZED OFFICER

“Authorized Officer” means the Mayor, the City Recorder, the Director of Administrative Services, the Division Director of Finance, the Chief Administrative Officer, the Public Works Director, and any other person authorized by resolution of the Council to perform the act or sign the document in question.

AVERAGE AGGREGATE DEBT SERVICE

“Average Aggregate Debt Service” means, as of any date of calculation, the Aggregate Debt Service on all Series of Bonds Outstanding as computed for each Fiscal Year during which any Series of Bonds is Outstanding or any of the Repayment Obligations are outstanding, divided by the number of such Fiscal Years.

BOND ANTICIPATION NOTES

“Bond Anticipation Notes” means bonds, notes, interim certificates or other evidences of indebtedness issued by the Issuer pursuant to the provisions of Section 2.05 in advance of the permanent financing of the Issuer for a Project.

BOND FUND

“*Bond Fund*” means the Fund by that name established in Section 5.02.

BONDS

“*Bonds*” means the bonds, notes or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture. The term Bonds includes Construction Bonds, Refunding Bonds and Bond Anticipation Notes.

BONDHOLDER

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

BUSINESS DAY

“*Business Day*” means a day of the year which is not a Saturday, Sunday or legal holiday in the State or a day on which the Trustee, any Transfer Agent, any Security Instrument Issuer or any Reserve Instrument Issuer is authorized or permitted to close.

CALENDAR YEAR

“*Calendar Year*” means the period commencing on January 1 of each year and terminating on the next succeeding December 31.

CAPITAL APPRECIATION BONDS

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

CITY RECORDER

“*City Recorder*” means the duly appointed or elected City Recorder of the Issuer, any successor to the principal functions thereof, or in the event of absence, incapacity or inability, the person authorized by law or designated by the Council to perform the functions of the City Recorder.

CODE

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

provisions that are applicable to the Indenture, including the Bonds, the use of Bond proceeds or a Project.

COMMERCIAL PAPER PROGRAM

“*Commercial Paper Program*” means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to Article II hereof and are outstanding up to an Authorized Amount.

COMPLETION DATE

“*Completion Date*” means the date of substantial completion of a Project as that date shall be certified as provided in Section 5.03(i) hereof.

CONSTRUCTION BONDS

“*Construction Bonds*” means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 2.03, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

CONSTRUCTION FUND

“*Construction Fund*” means the Fund by that name established in Section 5.02.

COST OF CONSTRUCTION

“*Cost of Construction*” means the costs of the Issuer properly attributable to the financing, acquisition, construction, reconstruction, modification or improvement of the System, as identified for a particular Project, and all expenses preliminary and incidental thereto incurred by the Issuer in connection therewith and in the issuance of the Bonds, including all engineering, fiscal and legal expenses and costs of issuance, printing and advertising for which funds may be disbursed from the Construction Fund and the establishment of necessary reserves and payment of interest during construction, including but not limited to:

- (1) Payment of the costs of acquiring, constructing, reconstructing, modifying, or improving a Project.
- (2) Payment of the initial or acceptance fee of the Trustee.
- (3) Payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Cost of Construction.

(4) Costs for obtaining any insurance policies or surety bonds with respect to a Project by the Issuer during the acquisition, construction, reconstruction, modification or improvement of such Project.

(5) Payment of audit fees and expenses for maintenance of construction records required to be kept with respect to a Project.

(6) Payment of the costs of any necessary litigation and the obtaining of all necessary permits, licenses and rulings.

(7) Payment of the costs of issuance of the Bonds, including legal, accounting, fiscal agent and underwriting fees and expenses, payments and fees due under any agreement pursuant to which any Series of Bonds is sold, bond insurance premiums, bond discount, printing and engraving costs, and fees of rating agencies, incurred in connection with the authorization, sale and issuance of the Bonds and preparation of the Indenture and Supplemental Indenture pursuant to which the Bonds will be issued and fees, charges or other amounts coming due under any Security Instrument Agreement or Reserve Instrument Agreement.

(8) Payment of interest on the Bonds estimated to fall due during the period of construction of a Project and for up to twelve (12) months thereafter (or such different period as may then be permitted by law).

(9) The amount, if any, to be deposited into any Series Subaccount in the Debt Service Reserve Account pursuant to paragraph (11) of Section 2.02(a) and to provide for any other reserves to the extent permitted by law.

(10) Payment of principal of and interest on Bond Anticipation Notes, if any, issued by the Issuer in connection with the acquisition, construction, reconstruction, modification or improvement of a Project.

(11) Payment of any other costs and expenses relating to a Project, including Security Instrument Costs, Reserve Instrument Costs and fees and expenses of the Trustee during the acquisition, construction, reconstruction, modification or improvement of a Project.

(12) Amounts necessary to provide working capital related to a Project to the extent permitted by law.

COUNCIL

“*Council*” means the Municipal Council of the Issuer, or any other governing body of the Issuer hereafter provided for by law.

CROSS-OVER DATE

“*Cross-over Date*” means the date on which the Principal or Redemption Price of the Cross-over Refunded Bonds is scheduled to be paid from the proceeds of Cross-over Refunding Bonds.

CROSS-OVER REFUNDED BONDS

“*Cross-over Refunded Bonds*” means Bonds refunded by Cross-over Refunding Bonds.

CROSS-OVER REFUNDING BONDS

“*Cross-over Refunding Bonds*” means Refunding Bonds the proceeds of which are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, to secure the payment on the Cross-over Date of the Principal or Redemption Price of the Cross-over Refunded Bonds (subject to possible use to pay Principal or Redemption Price of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds to the Cross-over Date.

CURRENT INTEREST BONDS

“*Current Interest Bonds*” means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the interest payment dates provided therefor in a Supplement Indenture.

DEBT SERVICE

“*Debt Service*” means for any particular Fiscal Year and for any Series of Bonds, for any Security Instrument Repayment Obligations under a Security Instrument Agreement and for any Reserve Instrument Repayment Obligations under a Reserve Instrument Agreement, an amount equal to the sum of:

(a) all interest (net of any amounts deposited with the Trustee pursuant to Section 2.03(b)(2) and available to pay interest on Bonds) payable during such Fiscal Year on such Bonds (other than Pledged Bonds) Outstanding and on any Repayment Obligations then outstanding, plus

(b) the Principal Installments during such Fiscal Year on (i) such Bonds Outstanding (other than Subordinated Bond Anticipation Notes) Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (ii) any Repayment Obligations then outstanding;

provided, however, that

(1) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds (for which there is no Interest Rate Swap) or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at the average of the variable rates applicable to such Series of Variable Rate Bonds or related Repayment Obligations during any twenty-four month period (or a shorter period, commencing on the date of issuance of a Series of Variable Rate Bonds or the date of incurring the related Repayment Obligations) ending within sixty (60) days prior to the date of computation, or, with respect to any Series of Variable Rate Bonds or related Repayment Obligations for which such an average of the variable rates cannot be determined, at a rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest such Series of Variable Rate Bonds or related Repayment Obligations would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate computed in a comparable manner;

(2) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds which are issued with an Interest Rate Swap in which the Issuer has agreed to pay a fixed rate and the Swap Counterparty has agreed to pay a variable rate that approximates the variable rate payable on such Series of Variable Rate Bonds, such Series of Variable Rate Bonds shall be deemed to bear interest at the fixed rate of such Interest Rate Swap; provided that such fixed rate may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;

(3) when calculating interest payable during such Fiscal Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a variable rate and the Swap Counterparty has agreed to pay a fixed rate that an Authorized Officer of the Issuer certifies in a Written Certificate of the Issuer approximates the fixed rate payable on such Series of Bonds, it shall be assumed that such Series of Bonds shall bear interest at a variable rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest such Series of Bonds would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate computed in a comparable manner; provided that such variable rate shall be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect; and

(4) when calculating interest payable during such Fiscal Year with respect to any Commercial Paper Program, "Debt Service" shall mean an amount equal to the sum of all principal and interest payments that would be payable during

such Fiscal Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or the period during which obligations can be issued under such Commercial Paper Program, and bearing interest (A) at an interest rate equal to the average of the interest rates applicable to such Commercial Paper Program during any consecutive 12-month period during the immediately preceding 24 months (or a shorter period, commencing on the date obligations are first issued under the Commercial Paper Program) ending within 30 days prior to the date of computation, or (B) with respect to any Commercial Paper Program for which such an average of the interest rates cannot be determined, at an interest rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest that obligations of the Commercial Paper Program would bear if issued on the date of computation in the Authorized Amount, with the same security, bearing interest at a variable rate computed in a comparable manner;

and further provided, however, that there shall be excluded from "Debt Service" (1) interest on Bonds (whether Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest is available to pay such interest, (2) Principal of Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (3) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer's obligation to pay such Repayment Obligations.

DEBT SERVICE ACCOUNT

"Debt Service Account" means the Account in the Bond Fund by that name established in Section 5.02.

DEBT SERVICE RESERVE ACCOUNT

"Debt Service Reserve Account" means the Debt Service Reserve Account in the Bond Fund established in Section 5.02.

DEBT SERVICE RESERVE REQUIREMENT

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

DEPOSITARY

“*Depositary*” means any bank or trust company selected by the Issuer and satisfactory to the Trustee as a depository of moneys and securities held under the provisions of the Indenture and may include the Trustee.

ESCROWED INTEREST

“*Escrowed Interest*” means earnings on amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, in connection with the issuance of Cross-over Refunding Bonds, which earnings are required to be applied to pay interest on such Cross-over Refunding Bonds to and including the Cross-over Date.

ESTIMATED COMPLETION DATE

“*Estimated Completion Date*” means the estimated date upon which a Project will have been substantially completed in accordance with the plans and specifications applicable thereto as that date shall be set forth in a Written Certificate of the Issuer.

ESTIMATED REVENUES

“*Estimated Revenues*” means, for any Fiscal Year, the estimated Revenues for such Fiscal Year. In computing Estimated Revenues, historical Revenues may be adjusted to include the Revenues estimated to be available to the Issuer in such Fiscal Year from: (1) any rate increase authorized prior to the delivery of a Series of Bonds in connection with which an estimate is made; (2) any new contracts entered into by the Issuer for the provision of wastewater services; and (3) any improvements or extensions to the System to be acquired or constructed in whole or in part with the proceeds of a Series of Bonds or from other sources.

EVENT OF DEFAULT

“*Event of Default*” has the meaning specified in Section 9.01.

FIDUCIARY

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Paying Agents, any Transfer Agent, any Depository, or any or all of them, as may be appropriate.

FISCAL YEAR

“*Fiscal Year*” means the annual accounting period of the Issuer as from time to time in effect, initially a period commencing on July 1 of each Calendar Year and ending on the next succeeding June 30.

FITCH

“*Fitch*” means Fitch Ratings, its successors and assigns.

FUND

“*Fund*” means one of the funds confirmed and established pursuant to Section 5.02. The term “Fund” does not include any Rebate Fund.

GOVERNMENT OBLIGATIONS

“*Government Obligations*” means:

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

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

INDENTURE

“*Indenture*” means this Master Indenture Providing for the Issuance of Wastewater Revenue Bonds, as from time to time amended or supplemented by Supplemental Indentures.

INDEPENDENT PUBLIC ACCOUNTANT

“*Independent Public Accountant*” means any certified public accountant or firm of such accountants appointed and paid by the Issuer, and who, or each of whom: (1) is in fact independent and not under domination of the Issuer; (2) does not have any substantial interest, direct or indirect, with the Issuer; and (3) is not connected with the Issuer as an officer or employee of the Issuer, but who may be regularly retained to make annual or other audits of the books of or reports to the Issuer.

INTEREST RATE SWAP

“*Interest Rate Swap*” means an interest rate exchange agreement between the Issuer or the Trustee and a Swap Counterparty related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

INVESTMENT SECURITIES

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

- (1) Government Obligations;
- (2) Bonds, debentures or notes issued by, or fully guaranteed as to principal and interest by, the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: (a) Federal Farm Credit banks (consolidated system-wide bonds and notes only), (b) Federal Home Loan banks (senior debt obligations only), (c) Federal National Mortgage Association (mortgage-backed securities and senior debt obligations only), (d) Student Loan Marketing Association (senior debt obligations only), and (e) Federal Home Loan Mortgage Corporation (participation certificates and senior debt obligations only);
- (3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: (a) Export-Import Bank, (b) Farm Credit System Financial Assistance Corporation, (c) Rural Economic Community Development Administration (formerly the Farmers Home Administration), (d) General Services Administration, (e) U.S. Maritime Administration, (f) Small Business Administration, (g) Government National Mortgage Association (GNMA), (h) U.S. Department of Housing & Urban Development (PHA’s), (i) Federal Housing Administration, and (j) Federal Financing Bank.
- (4) Money market funds rated “AAA” or “AAA--G” or better by S&P;
- (5) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody’s or A-1+ by S&P, and which matures not more than 270 days after the date of purchase;
- (6) Bonds, notes or other evidences or indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (7) U.S. dollar-denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term

certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing not more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

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

(9) Investments authorized by the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended, and all laws amendatory thereof or supplemental thereto.

ISSUER

“*Issuer*” means the City of Provo, Utah.

MAYOR

“*Mayor*” means the duly elected or appointed Mayor of the Issuer, any successor to the principal functions thereof, or in the event of absence, incapacity or inability, the person authorized by law or designated by the Council to perform the functions of the Mayor.

MOODY’S

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities Rating Agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities Rating Agency designated by the Issuer.

NET REVENUES

“*Net Revenues*” means, for any period, the Revenues during such period less any transfers from the Revenue Fund to pay the Operation and Maintenance Costs during such period.

OPERATION AND MAINTENANCE COSTS

“*Operation and Maintenance Costs*” means all actual operation and maintenance costs related to the System incurred by the Issuer in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs, the payment of which is not then immediately required.

Such Operation and Maintenance Costs include, but are not limited to, amounts paid by the Issuer for ordinary repairs, renewals and replacements of the System, for salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees and expenses for

services, materials and supplies, rents, administrative and general expenses, insurance expenses, Security Instrument Costs, Reserve Instrument Costs, for Fiduciaries' fees and expenses; Remarketing Agents' and other agents' fees and expenses; legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services, training of personnel, taxes, payments in lieu of taxes and other governmental charges; costs of utilities services and other auxiliary services; charges imposed by other than the Issuer, fuel costs, and any other current expenses or obligations required to be paid by the Issuer under the provisions of the Indenture or by law, all to the extent properly allocable to the System.

Such Operation and Maintenance Costs do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Issuer, including Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations, costs, or charges made therefor, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System.

OPINION OF COUNSEL

"Opinion of Counsel" means a written opinion of counsel selected by the Issuer and satisfactory to the Trustee. Any Opinion of Counsel may be based, insofar as it relates to factual matters or information which is in the possession of the Issuer, upon a Written Certificate of the Issuer, unless such counsel knows, or in the exercise of reasonable care should have known, that such Written Certificate is erroneous.

OTHER AVAILABLE REVENUES

"Other Available Revenues" means any amounts that the Issuer reasonably anticipates will be maintained on deposit in the Revenue Fund and available to pay Debt Service during the applicable Fiscal Year.

OUTSTANDING

"Outstanding" means, as of any date of calculation (subject to the provisions of Section 8.04), all which by their terms have not expired and all Bonds which have been duly authenticated and delivered by the Trustee except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds for the payment or redemption of which cash funds or Investment Securities defined in clause (1) of the definition of "Investment Securities" shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), *provided* that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the provisions of the Indenture

or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated or delivered pursuant to the terms of Section 3.06, Section 4.04 or Section 8.06; and

(d) the Principal amount of any Bond issued pursuant to a Supplemental Indenture authorizing partial payment without cancellation if payment is noted on a payment record attached to such Bond provided such payment has been made.

PAYING AGENT

"Paying Agent" means any bank or trust company designated as paying agent for the Bonds of any Series, and its successor or successors hereinafter appointed in the manner provided in Section 7.02 of the Indenture.

PLEGDED BONDS

"Pledged Bonds" means any Bonds that have been pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations.

PRINCIPAL

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

PRINCIPAL INSTALLMENT

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

balance of such Sinking Fund Installment due on such future date plus such applicable redemption premiums, if any, and (b) with respect to any Repayment Obligation, the principal amount of such Repayment Obligation due on a certain future date.

PROJECT

“*Project*” means the acquisition, construction and completion of improvements, extensions or additions (or an interest therein) to the System, regardless of whether the Issuer shall hold title thereto, if and to the extent that the same shall be designated by the Issuer as a Project in a Supplemental Indenture authorizing the issuance of the initial Series of Construction Bonds for such Project in accordance with Section 2.03. The Issuer need not become the owner of such improvements in order for them to constitute a Project.

PROJECT ACCOUNT

“*Project Account*” means the separate account for each Project in the Construction Fund pursuant to Section 5.03.

PUT BOND

“*Put Bond*” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Holder of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond.

RATING AGENCY

“*Rating Agency*” means Moody’s, Standard & Poor’s or Fitch.

RATE COVENANT REQUIREMENT

“*Rate Covenant Requirement*” has the meaning specified in Section 6.11.

REBATE FUND

“*Rebate Fund*” means the fund, if any, established with respect to a Series of Bonds issued under the Indenture, to provide for the payment of rebate pursuant to the applicable provisions of the Code.

RECORD DATE

“*Record Date*” means, with respect to any interest payment date for any Series of Bonds, the date specified as the Record Date in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

REDEMPTION PRICE

“*Redemption Price*” means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Supplemental Indenture.

REFUNDED DEBT

“*Refunded Debt*” has the meaning specified in Section 2.04(a).

REFUNDING BONDS

“*Refunding Bonds*” means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 2.04, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

REMARKETING AGENT

“*Remarketing Agent*” means a remarketing agent appointed by the Issuer pursuant to Section 7.09 and its successors under the Indenture.

REPAYMENT OBLIGATIONS

“*Repayment Obligations*” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

RESERVE INSTRUMENT

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

RESERVE INSTRUMENT AGREEMENT

“*Reserve Instrument Agreement*” means any outstanding agreement entered into by the Issuer and a Reserve Instrument Issuer pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Issuer of a Reserve Instrument.

RESERVE INSTRUMENT COSTS

“*Reserve Instrument Costs*” means, with respect to any Reserve Instrument, all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations,

required to be paid to a Reserve Instrument Issuer pursuant to a Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument. Such Reserve Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Reserve Instrument Costs.

RESERVE INSTRUMENT COVERAGE

“Reserve Instrument Coverage” means, as of any date of calculation and with respect to each Reserve Instrument, the amount available to be paid under such Reserve Instrument into the related Series Subaccount in the Debt Service Reserve Account to satisfy all or any portion of the Debt Service Reserve Requirement.

RESERVE INSTRUMENT ISSUER

“Reserve Instrument Issuer” means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

RESERVE INSTRUMENT LIMIT

“Reserve Instrument Limit” means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the related Series Subaccount in the Debt Service Reserve Account to satisfy all or any portion of the Debt Service Reserve Requirement, assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of Principal on the corresponding Series of Bonds upon redemption pursuant to Section 4.01 or purchase pursuant to Section 5.09.

RESERVE INSTRUMENT REPAYMENT OBLIGATIONS

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument, any outstanding amounts payable by the Issuer under the Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument to repay the Reserve Instrument Issuer for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

REVENUE FUND

“Revenue Fund” means the special enterprise fund of the Issuer confirmed in Section 5.02(2), which is and shall continue to be kept separate and apart from any other Issuer funds and accounts.

REVENUES

“Revenues” means all operating revenues and other revenues, fees, income, rents and receipts derived by the Issuer from or attributable to the System. Revenues also includes:

- (a) the proceeds of any insurance covering business interruption loss,
- (b) proceeds from the sale of any property of the System permitted under the Indenture or any lease or contractual arrangement with respect to the use of the System or the services thereof,
- (c) all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund, and
- (d) the proceeds of any interest subsidy with respect to the Bonds paid for or for the account of the Issuer by any governmental body or agency;

provided, however, that Revenues shall not include: (a) proceeds received on insurance resulting from casualty damage to assets of the System; (b) the proceeds of sale of Bonds, notes or other obligations issued for System purposes; (c) proceeds of any tax, fee in lieu of taxes, or assessment levied by the Issuer; or (d) moneys received under any Security Instrument or any Reserve Instrument.

SECURITY INSTRUMENT

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

SECURITY INSTRUMENT AGREEMENT

“Security Instrument Agreement” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture providing for the issuance by such Security Instrument Issuer of a Security Instrument.

SECURITY INSTRUMENT COSTS

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

SECURITY INSTRUMENT ISSUER

“*Security Instrument Issuer*” means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Security Instrument.

SECURITY INSTRUMENT REPAYMENT OBLIGATIONS

“*Security Instrument Repayment Obligations*” means, as of any date of calculation and with respect to any Security Instrument, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument shall specify any amounts payable under it which, when outstanding, shall constitute Security Instrument Repayment Obligations and shall specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

SERIES

“*Series*” means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

SERIES SUBACCOUNT

“*Series Subaccount*” means the separate subaccount created for a Series of Bonds, in the Debt Service Account pursuant to Section 5.07 or in the Debt Service Reserve Account pursuant to Section 5.08, as the case may be.

SINKING FUND INSTALLMENT

“*Sinking Fund Installment*” means an amount so designated which is established pursuant to Section 2.02(a)(8). The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to Section 5.06(c), 5.07(d) or 5.09 toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

STANDARD & POOR’S

“*Standard & Poor’s*” or “*S&P*” means Standard & Poor’s Ratings Services, a division of McGraw Hill Inc., its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” or “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

STATE

“*State*” means the State of Utah.

SUBORDINATED BOND ANTICIPATION NOTES

“*Subordinated Bond Anticipation Notes*” means Bond Anticipation Notes, the Principal Installments on which have been subordinated pursuant to Section 2.05(b)(2).

SUPPLEMENTAL INDENTURE

“*Supplemental Indenture*” means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of this Indenture.

SWAP COUNTERPARTY

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

SYSTEM

“*System*” means the complete sewer collection, treatment, and disposition system of the Issuer, together with all improvements, extensions, and additions thereto which may be made while any of the Bonds remain Outstanding, and all property, real, personal and mixed, appurtenances and related facilities, of every nature now or hereafter owned or operated by the Issuer in connection therewith.

TAX EXEMPTION CERTIFICATE

“*Tax Exemption Certificate*” means any agreement, or certificate delivered by the Issuer in connection with the issuance of a Series of Bonds in order to assure the exclusion from gross income of interest received on such Series of Bonds.

TRANSFER AGENT

“*Transfer Agent*” means the Trustee and each and every additional agent appointed by the Issuer from time to time as the bond registrar and agent of the Issuer pursuant to Section 7.10 for the transfer and authentication of Bonds for so long as such appointment shall continue in effect.

TRUSTEE

“*Trustee*” means Zions First National Bank, its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided herein.

VARIABLE RATE BONDS

“*Variable Rate Bonds*” means, Bonds that bear interest other than at a rate or rates that are fixed to maturity.

WRITTEN CERTIFICATE OF THE ISSUER, WRITTEN REQUEST OF THE ISSUER, WRITTEN STATEMENT OF THE ISSUER

“*Written Certificate of the Issuer*”, “*Written Request of the Issuer*” and “*Written Statement of the Issuer*” means an instrument in writing signed on behalf of the Issuer by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or certificate of counsel, consultants, accountants or engineers, unless the Authorized Officer signing such Written Certificate or Request or Statement knows, or in the exercise of reasonable care should have known, that the opinion or certificate with respect to the matters upon which such Written Certificate or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, consultant, accountant or engineer, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different Authorized Officers, counsel, consultants, accountants or engineers may certify to different facts, respectively.

YEAR

“*Year*” means any period of twelve consecutive months.

Section 1.02. Authority for the Indenture. The Indenture is executed and delivered pursuant to the provisions of the Act.

Section 1.03. Indenture to Constitute a Contract; Equal Security. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the issuance by Security Instrument Issuers from time to time of Security Instruments and the issuance by Reserve Instrument Issuers from time to time of Reserve Instruments, the Indenture shall be deemed to be

and shall constitute a contract between and among the Issuer and the Holders from time to time of the Bonds, such Security Instrument Issuers and such Reserve Instrument Issuers, and the pledge made in the Indenture by the Issuer and the covenants and agreements set forth in the Indenture to be performed by the Issuer shall be, except as expressly provided in or permitted by the Indenture, for the benefit, security and protection of the parties as provided in the Granting Clause set forth at the beginning of the Indenture.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds. Bonds designated as “*Wastewater Revenue Bonds*” (or “*Wastewater Revenue Notes*,” as appropriate) are hereby authorized to be issued by the Issuer under the Indenture. The maximum Principal amount of the Bonds which may be issued hereunder is not limited; *provided, however*, the Issuer reserves the right to limit or restrict the aggregate Principal amount of the Bonds which may at any time be issued or Outstanding hereunder. Bonds may be issued in such Series as from time to time shall be established and authorized by the Issuer. The Bonds may be issued in one or more Series pursuant to one or more Supplemental Indentures. Unless otherwise provided in a Supplemental Indenture, the designation of the Bonds shall include, in addition to the name “*Wastewater Revenue Bonds*” (or “*Wastewater Revenue Notes*,” as appropriate), such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Section 2.02. General Provisions for the Issuance of Bonds. (a) Whenever the Issuer shall determine to issue any Series of Bonds, the Issuer shall execute and deliver a Supplemental Indenture which shall specify or provide for the following:

- (1) The purpose for which such Series of Bonds is to be issued, which shall be for a purpose set forth in Section 2.03, Section 2.04 or Section 2.05, or a combination of such purposes;
- (2) The authorized Principal amount and Series designation of such Series of Bonds;
- (3) The date, any Record Date and the maturity date or dates of the Bonds of such Series;
- (4) The interest payment dates and the interest rate or rates (including a zero interest rate) of the Bonds of such Series, or the manner of determining such rate or rates, *provided* that if such Bonds are Variable Rate Bonds, the Supplemental Indenture authorizing such Series of Bonds shall specify the maximum rate of interest such Bonds may bear;
- (5) The authorized denominations of the Bonds of such Series;

(6) Any Paying Agents and the places of payment of the Principal and Redemption Prices, if any, of, and interest on, the Bonds of such Series, and, if other than the Trustee, any Transfer Agents and the places where Bonds may be registered for transfer or exchange;

(7) The Redemption Prices, if any, and subject to Article IV, the redemption terms, if any, for the Bonds of such Series;

(8) The amount and due date of each Sinking Fund Installment, if any, for the Bonds of such Series;

(9) The deposit, if any, of proceeds of the Bonds of such Series into the Construction Fund;

(10) The deposit of such proceeds, if any, representing accrued interest on such Series of Bonds to the date of delivery thereof into the Series Subaccount established for such Series of Bonds in the Debt Service Account;

(11) The Debt Service Reserve Requirement for such Series of Bonds, if any, pursuant to Section 5.08 and the deposit of such proceeds, if any, into any Series Subaccount established for such Series of Bonds in the Debt Service Reserve Account;

(12) The form of the Bonds of such Series;

(13) To the extent applicable, any Security Instrument or Reserve Instrument authorized to be executed and delivered by the Issuer in connection with the issuance of the Bonds of such Series; and

(14) Any further covenants by the Issuer required by any Security Instrument Issuer, Reserve Instrument Issuer or purchaser of Bonds or otherwise deemed necessary or desirable by the Issuer.

The Supplemental Indenture shall establish a separate Series Subaccount in the Debt Service Account for each Series of Bonds and, if a Debt Service Reserve Requirement has been established for such Series of Bonds, shall also establish a separate Series Subaccount in the Debt Service Reserve Account for such Series of Bonds.

(b) The Bonds of any Series shall be executed by the Issuer for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer upon the Written Request of the Issuer, but only upon receipt by the Trustee of the following documents or moneys or securities, all of such documents dated or certified, as the case may be, as of the date of such delivery by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

(1) An executed copy of the Supplemental Indenture authorizing the issuance of the Bonds of such Series;

(2) A Written Request of the Issuer as to the delivery of the Bonds of such Series;

(3) An Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that (A) the Issuer has the power under the Act, as amended to the date of such Opinion, to issue the Bonds of such Series, to execute and deliver the Indenture, and the Indenture has been duly and lawfully executed and delivered by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Indenture is required; (B) the Indenture creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; (C) the Bonds of such Series are valid and binding special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of the Indenture and the Act as amended to the date of such Opinion; and (D) the Bonds of such Series have been duly and validly authorized and issued in accordance with law and the Indenture; *provided, however*, that such Opinion of Counsel may contain limitations acceptable to the purchaser of such Series of Bonds, including limitations as to enforcement by bankruptcy or similar laws, equity principles, sovereign police powers, and federal powers;

(4) The amounts, if any, necessary for deposit into the Construction Fund, the appropriate Series Subaccount in the Debt Service Account, the appropriate Series Subaccount, if any, and in the Debt Service Reserve Account; and

(5) Such further documents, moneys and securities as are required by the provisions of Section 2.03, Section 2.04 or Section 2.05 or of any Supplemental Indenture.

(c) The Issuer may authorize by Supplemental Indenture the use of one or more Security Instruments with respect to any Series of Bonds and the execution and delivery of any Security Instrument Agreements deemed necessary in connection therewith.

(d) The Issuer may authorize by Supplemental Indenture the issuance and delivery to the Trustee of one or more Reserve Instruments and the execution and delivery of any Reserve Instrument Agreements deemed necessary in connection therewith.

(e) The Issuer may authorize by Supplemental Indenture the issuance of Put Bonds; *provided* that any obligation of the Issuer to pay the purchase price of any such Put Bonds shall not be secured by a pledge of Revenues prior to or on a parity with the pledge contained in Section 5.01. The Issuer may provide for the appointment of such Remarketing Agents, indexing agents or other agents as the Issuer may determine.

(f) The Issuer may authorize by Supplemental Indenture such other provisions relating to a Series of Bonds as are permitted by law and are consistent with the provisions of the Indenture.

(g) After the original issuance of the Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 4.04 or Section 8.06.

(h) Notwithstanding any provision of this Section 2.02 to the contrary, a Supplemental Indenture may provide for the delivery of a Series of Bonds, issued in the form of a single Bond in installments to be noted by the Trustee in a delivery schedule attached thereto.

Section 2.03. Special Provisions for the Issuance of Construction Bonds. (a) One or more Series of Construction Bonds may be authenticated and delivered upon original issuance from time to time in such Principal amount for each such Series as may be determined by the Issuer for the purpose of paying or providing for the payment of all or a portion of (1) the Cost of Construction of a Project, (2) Principal, Redemption Price and interest on Bond Anticipation Notes or (3) any combination of (1) and (2). Each such Series shall be in such Principal amount which, when taken together with funds previously used or to be provided by the Issuer for such Project, will provide the Issuer with sufficient funds to pay the estimated Cost of Construction of such Project, as set forth in the Written Certificate of the Issuer furnished pursuant to Section 2.03(c)(1).

(b) Each Supplemental Indenture authorizing the issuance of a Series of Construction Bonds:

(1) shall specify the Project for which the proceeds of such Series of Construction Bonds will be applied; and

(2) may require the Issuer to deposit a specified amount of money from the proceeds of the sale of such Series of Construction Bonds or from other legally available sources into a Project Account in the Construction Fund to pay when due all or a portion of the interest on such Series of Construction Bonds accrued and to accrue to the Estimated Completion Date set forth in the Written Certificate of the Issuer delivered with respect to such Series of Construction Bonds pursuant to Section 2.03(c)(1), plus interest to accrue on such Series of Construction Bonds after the Estimated Completion Date for up to one Year (or such different period as may then be permitted by law).

(c) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Sections 2.02 and 2.03(d)) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) a Written Certificate of the Issuer setting forth the then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Bonds; and

(2) a Written Certificate of the Issuer to the effect that, upon the authentication and delivery of the Bonds of such Series, no event will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture.

(d) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Sections 2.02 and 2.03(c)) of either of the following documents, dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) A Written Certificate of the Issuer (A) setting forth for the latest Fiscal Year for which the latest audited financial statement described in Section 6.10(b) is available prior to the authentication and delivery of such Series of Bonds, the Revenues for such period, and (B) showing that such Revenues for such Year are not less than the Rate Covenant Requirement for each Fiscal Year to and including the Fiscal Year in which occurs the latest maturity of such Series of Construction Bonds and for all Bonds that will be Outstanding and the Repayment Obligations that the Issuer anticipates will be outstanding immediately after the issuance of the proposed Series of Construction Bonds; or

(2) (A) A Written Certificate of the Issuer setting forth the Estimated Revenues (assuming the completion of the Project on its then Estimated Completion Date) either:

(i) if the Supplemental Indenture authorizing the Series of Bonds being issued requires that interest on the Series of Bonds be capitalized until a certain date pursuant to Section 2.03(b)(2), for each of the two Fiscal Years succeeding such date; or

(ii) if the Supplemental Indenture authorizing the Series of Bonds does not require that any interest on the Series of Bonds be capitalized pursuant to Section 2.03(b)(2), for the then current Fiscal Year and each succeeding Fiscal Year to and including the second Fiscal Year succeeding the Estimated Completion Date of the Project; and

(B) A Written Certificate of the Issuer showing that the Estimated Revenues as shown in such Written Certificate of the Issuer for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such Fiscal Years for all Bonds that will be Outstanding and the Repayment Obligations that the Issuer anticipates will be outstanding immediately after the issuance of the proposed Series of Construction Bonds.

Notwithstanding any other provision of the Indenture, the provisions of Section 2.03(c)(1) and this Section 2.03(d) shall not apply to the first Series of Bonds issued under the Indenture.

(e) The proceeds, including accrued interest, of the Construction Bonds of each Series shall be deposited simultaneously with the delivery of such Bonds into the Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other Funds or Accounts or such other funds or accounts as may be established by the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds in such amounts as may be provided in such Supplemental Indenture; and

(f) There may also be deposited from any legally available source, to the extent permitted by law and the provisions of the Indenture, in the Funds and Accounts or such other funds or accounts as may be established by the Supplemental Indenture, such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds.

Section 2.04. Special Provisions for the Issuance of Refunding Bonds. (a) One or more Series of Refunding Bonds may be issued in such Principal amount which, when taken together with other legally available funds, will provide the Issuer with funds which will be sufficient to accomplish the refunding of all or a part of the Outstanding Bonds of one or more Series, or all or part of any other borrowing of the Issuer, including in each case the payment of all expenses and the establishment of any reserves in connection with such refunding. The term "Refunded Debt" shall refer to such Bonds or other borrowing to be so refunded.

(b) Each Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds shall specify the Refunded Debt to be refunded.

(c) Each Series of Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of the following documents or moneys or securities (or if such documents or moneys or securities are to be delivered to the trustee or debtor for the other borrowings, to such trustee or debtor, with a copy or other evidence of such delivery to the Trustee), all of such documents dated as of the date of such delivery (unless the Trustee or other trustee or debtor, as appropriate, shall accept any of such documents bearing a prior date):

(1) Any of:

(A) a Written Certificate of the Issuer setting forth for each Fiscal Year to and including the Fiscal Year that includes the date of the latest maturity of the Refunded Debt to be refunded or such Series of Refunding Bonds, whichever is later, the Aggregate Debt Service for:

- (i) the Refunded Debt to be refunded and
- (ii) such Series of Refunding Bonds,

and stating that the Aggregate Debt Service on the Refunding Bonds for each such Fiscal Year set forth pursuant to clause (ii) of this paragraph is no greater than 110% of the Aggregate Debt Service on the Refunded Debt for each such Fiscal Year set forth pursuant to clause (i) of this paragraph; or

(B) a Written Certificate of the Issuer (ii) setting forth the Estimated Revenues for the then current Fiscal Year and each succeeding Fiscal Year to and including the second Fiscal Year succeeding the issuance of such Series of Refunding Bonds; and (ii) showing that the Estimated Revenues for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such

Fiscal Years with respect to all Series of Bonds that the Issuer anticipates will be Outstanding and all Repayment Obligations that the Issuer anticipates will be outstanding, in each case immediately after the issuance of the proposed Series of Refunding Bonds; or

(C) the Written Certificate of the Issuer described in Section 2.03(d)(1).

(2) Irrevocable instructions to the Trustee (or such trustee or lender or its designee, as appropriate), satisfactory to it, to give due notice of redemption of all the Refunded Debt being refunded that is subject to redemption, on the redemption date or dates specified in such instructions;

(3) If the Refunded Debt to be refunded is not by its terms subject to redemption within the next succeeding 90 days, irrevocable instructions to the Trustee (or such trustee or lender or its designee, as appropriate), satisfactory to it, to mail the notice provided for in Section 11.01(b) (or any similar provision for other borrowings, as appropriate) to the holders of the Refunded Debt being refunded;

(4) Either (A) moneys in an amount sufficient to effect payment at the applicable redemption price of the Refunded Debt to be refunded, together with accrued interest to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents (or such trustee or lender or its designee, as appropriate) in a separate account irrevocably in trust for and assigned to the respective holders of the Refunded Debt to be refunded, or (B) Investment Securities (or similar investments as provided for in the documents relating to other borrowings, as appropriate) in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of Section 11.01(b) (or any similar provision for other borrowings, as appropriate), which Investment Securities and moneys shall be held in trust and used only as provided in such Section.

(5) If the Refunding Bonds to be issued are Cross-over Refunding Bonds:

(A) The Supplemental Indenture providing for the issuance of the Refunding Bonds shall provide that until the Cross-over Date neither Principal of nor interest on the Cross-over Refunding Bonds shall be payable from or secured by a pledge of the Revenues, but shall be payable solely from the escrow provided for in Section 11-27-3, Utah Code Annotated 1953, as amended.

(B) There shall be filed with the Trustee a Written Certificate of an Independent Public Accountant demonstrating the sufficiency of the moneys and investments in the escrow provided for in Section 11-27-3, Utah Code Annotated 1953, as amended, to pay the Principal of and interest on the Cross-over Refunding Bonds to the Cross-over Date and the Principal or Redemption Price of the Cross-over Refunded Bonds on the Cross-over Date.

(C) The instructions required by Section 2.04(c)(2) and (3) may contain such conditions to the giving of such notices as the Issuer may specify in the Supplemental Indenture authorizing the issuance of such Cross-over Refunding Bonds, including, without limitation, the absence of any default in the payment of the Cross-over Refunded Bonds.

(D) If a Written Certificate of the Issuer is delivered pursuant to Section 2.04(c)(1)(B), such Written Certificate of the Issuer shall set forth the Estimated Revenues for the Fiscal Year during which the Cross-over Date occurs and each succeeding Fiscal Year to and including the second Fiscal Year succeeding such Cross-over Date, instead of the Fiscal years specified in Section 2.04(c)(1)(B).

(d) A Series of Refunding Bonds may be combined with a Series of Construction Bonds.

Section 2.05. Conditions for Issuance of Bond Anticipation Notes. (a) One or more Series of Bond Anticipation Notes, payable on a parity with all Outstanding Bonds (except as provided in Section 2.05(b)(2) below), may be authenticated and delivered upon original issuance from time to time in such Principal amount for each such Series as may be determined by the Issuer for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of a Project, or the refunding of Bond Anticipation Notes, or a combination of such purposes. Each such Series shall be in such Principal amount which, when taken together with funds previously used or to be provided by the Issuer for such Project, will provide the Issuer with sufficient funds to pay the estimated Cost of Construction of such Project, as set forth in the Written Certificate of the Issuer furnished pursuant to Section 2.05(c)(1). The Issuer hereby covenants to apply so much of the proceeds of the Bonds in anticipation of which such Bond Anticipation Notes have been issued as shall be necessary to provide for the payment of all Principal Installments on such Bond Anticipation Notes.

(b) (1) Each Supplemental Indenture authorizing the issuance of a Series of Bond Anticipation Notes (i) shall specify the Project for which the proceeds of such Series of Bond Anticipation Notes will be applied, and (ii) may require the Issuer to deposit a specified amount of money from the proceeds of the sale of such Series of Bond Anticipation Notes into a Project Account in the Construction Fund to pay when due all or a portion of the interest on such Series of Bond Anticipation Notes accrued and to accrue to the Estimated Completion Date set forth in the Written Certificate of the Issuer delivered with respect to such Series of Bond Anticipation Notes pursuant to Section 2.05(c)(1), plus interest to accrue on such Series of Bond Anticipation Notes after the Estimated Completion Date for up to one Year (or such different period as may then be permitted by law). Such Supplemental Indenture may also contain such limitations and restrictions on, and covenants and agreements of, the Issuer and such rights and remedies for the holders of such Series of Bond Anticipation Notes, as deemed necessary and desirable by the Issuer; *provided, however*, that such limitations, restrictions, covenants, agreements, rights and remedies shall not be contrary to or inconsistent with the limitations, restrictions, covenants, agreements, rights and remedies contained in this Indenture for the payment and security of any Bonds then Outstanding.

(2) If so provided in the Supplemental Indenture providing for the issuance of any Series of Bond Anticipation Notes, the payment of the Principal Installments on such Bond Anticipation Notes shall be subject to the prior lien and charge created herein for the payment of the Bonds out of the Bond Fund. In such case, such Supplemental Indenture shall provide that each of such Subordinated Bond Anticipation Notes shall state on its face that the payment of Principal Installments thereof is so subordinated.

(3) No Bond Anticipation Notes shall mature later than five years from its date, including all refundings thereof by Bond Anticipation Notes (whether such refundings occur by reason of exchanges of Bond Anticipation Notes or by reason of payment of such Bond Anticipation Notes from refunding Bond Anticipation Notes, or otherwise).

(c) Each Series of Bond Anticipation Notes shall be authorized and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02 and Section 2.05(d) below) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) a Written Certificate of the Issuer setting forth the then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Bond Anticipation Notes; and

(2) a Written Certificate of the Issuer to the effect that, upon the authentication and delivery of the Bond Anticipation Notes of such Series, no event will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; *provided, however*, that in the case of refunding Subordinated Bond Anticipation Notes, the Issuer need not so certify with respect to the subordinated Principal Installments thereof.

(d) As of the date of issuance of any Series of Bond Anticipation Notes, the aggregate Principal amount of all Outstanding Bond Anticipation Notes (including such Series) shall never exceed the Principal amount of a hypothetical Series of Bonds which could be issued by the Issuer on such date in compliance with Section 2.03(d), having an assumed final maturity of twenty (20) years, bearing an assumed rate of interest equal to the highest rate then borne by any outstanding Bond Anticipation Notes and having Debt Service due in each Fiscal Year in approximately equal amounts; provided that if no Series of Bond Anticipation Notes are then Outstanding under the Indenture, the interest rate used for purposes of the calculation set forth in this Section 2.05(d) shall be the interest rate borne by the Series of Bond Anticipation Notes to be issued. Each Series of Bond Anticipation Notes shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02 and Section 2.05(c) above) of a Written Certificate of the Issuer, dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date), stating that the person signing each such certificate has reviewed and is familiar with the provisions of this Section 2.05(d) and that, in the opinion of such signer, the Bond Anticipation Notes then proposed to be issued by the Issuer can be duly and validly issued by the Issuer pursuant to the provisions hereof, assuming for purposes of compliance with Section 2.03(d) as required by the preceding sentence, that the Debt Service

on the proposed Series of Bond Anticipation Notes is calculated on the basis of the hypothetical Series of Bonds as set forth in this Section 2.05(d).

Section 2.06. Provisions Regarding Bonds Secured by a Security Instrument. (a) The Issuer may include such provisions in a Supplemental Indenture authorizing the issuance of a Series of Bonds secured by a Security Instrument as the Issuer deems appropriate, including:

(1) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (A) the Security Instrument Issuer shall be deemed to be the Holder of the Outstanding Bonds of such Series when the approval, consent or action of the Bondholders for such Series of Bonds is required or may be exercised under the Indenture and following an Event of Default, and (B) the Indenture may not be amended in any manner which affects the rights of such Security Instrument Issuer without its prior written consent.

(2) In the event that the Principal and Redemption Price, if applicable, and interest due on any Series of Bonds Outstanding shall be paid under the provisions of a Security Instrument, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Series of Bonds shall continue to exist and such Security Instrument Issuer shall be subrogated to the rights of such Bondholders in accordance with the terms of such Security Instrument.

(b) In addition, such Supplemental Indenture may establish such provisions as are necessary to provide relevant information to the Security Instrument Issuer and to provide a mechanism for paying Principal Installments and interest on such Series of Bonds from the Security Instrument.

ARTICLE III

TERMS AND PROVISIONS OF BONDS

Section 3.01. Terms of Bonds. (a) The Principal and Redemption Price of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee or at the principal office of any Paying Agent or otherwise as provided in a Supplemental Indenture with respect to a Series of Bonds. Unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, payment of interest on any Bond shall be made to the registered owner thereof as of the close of business on the Record Date and shall be paid by check mailed to the registered owner thereof at the address of such registered owner as it appears on the registration books of the Issuer maintained by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner prior to the Record Date.

(b) Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, the Bonds of any Series shall be issued in fully-registered form without coupons. Each Series of Bonds shall be in such denominations as may be authorized by the Supplemental Indenture authorizing the issuance of the Bonds of such Series. A Supplemental Indenture may

provide for the delivery of a Series of Bonds, issued in the form of a single fully-registered Bond, in installments to be noted by the Trustee in a delivery schedule attached to such Bond. Anything in this Indenture to the contrary notwithstanding, a Supplemental Indenture may provide that Bonds issued in such single fully-registered form may be submitted to the Trustee for notation of payment of installments and for notation of transfer, without requiring cancellation of such single fully-registered Bond. Such Supplemental Indenture may provide for transfer of such Bonds to a new Holder by delivery after such notation, and without cancellation.

(c) The Bonds of each Series shall be dated as of the issue date specified in the Supplemental Indenture pursuant to which such Series of Bonds is issued. Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, each fully-registered Bond of any Series shall bear interest from the interest payment date next preceding the date of registration and authentication thereof unless it is registered as of an interest payment date, in which event it shall bear interest from the date thereof, or unless it is registered prior to the first interest payment date, in which event it shall bear interest from its date, or unless, as shown by the records of the Trustee, interest on the Bonds of such Series shall be in default, in which event it shall bear interest from the date to which interest has been paid in full.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable to comply with the Act, custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Issuer prior to the authentication and delivery thereof.

(e) From and after the issuance of the Bonds of any Series, the findings and determinations of the Council respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue, and no bona fide purchaser of any such Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance, or to the application of the purchase price paid for such Bonds. The validity of the issuance of any Series of the Bonds shall not be dependent on or affected in any way by (1) any proceedings taken by the Issuer for the planning, acquisition, construction, reconstruction, modification or improvement of a Project, or (2) any contracts made by the Issuer in connection therewith, or (3) the failure to complete the planning, acquisition, construction, reconstruction, modification or improvement of a Project. The recital contained in the Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance and all the Bonds shall be incontestable from and after their issuance. Bonds shall be deemed to be issued, within the meaning of the Indenture, whenever the definitive Bonds, or any temporary Bonds exchangeable therefor, have been delivered to the purchasers thereof, and the purchase price thereof received, or in the case of Bonds to be refunded through exchange, whenever such exchange has been made.

Section 3.02. Execution of Bonds. (a) The Bonds shall be signed on behalf of the Issuer by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Recorder, and its seal shall be thereunto affixed by the City Recorder, which may be by a facsimile of the Issuer's seal which is imprinted upon the Bonds. The Bonds shall then be

delivered to the Trustee for manual authentication by it or by any Transfer Agent. In case any officer who shall have signed or attested any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or by any Transfer Agent or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though such person who signed or attested the same had continued to be such officer of the Issuer. Also, any Bond may be signed or attested on behalf of the Issuer by any person who on the actual date of the execution of such Bond shall be the proper officer of the Issuer, although on the nominal date of such Bond any such person shall not have been such officer of the Issuer.

(b) Only such of the Bonds as shall bear thereon a certificate of authentication, executed by the Trustee or by any Transfer Agent, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of the Trustee or of any Transfer Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered under, and are entitled to the benefits of, the Indenture and that the Holder thereof is entitled to the benefits of the Indenture.

Section 3.03. Transfer of Fully-Registered Bonds. Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:

(a) Any fully-registered Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 3.05, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation or, if applicable, notation of the new Holder together with the signature of the Trustee or any applicable Transfer Agent on the back of such Bond or on a form of record attached to such Bond for such purpose, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

(b) Whenever any fully-registered Bond shall be surrendered for transfer, the Trustee or any Transfer Agent shall authenticate and deliver a new fully-registered Bond or Bonds duly executed by the Issuer, for like aggregate principal amount or, if applicable, shall deliver the same Bond, duly annotated with the new Holder and signed by the Trustee or any applicable Transfer Agent on the back of such Bond or on a form of record attached to such Bond for such purpose. The Trustee or any Transfer Agent shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(c) The Issuer, the Trustee and any Transfer Agent shall not be required (1) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Bonds selected for redemption under Article IV and ending at the close of business on the day of such mailing, or (2) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

Section 3.04. Exchange of Bonds. Fully-registered Bonds may be exchanged at the principal corporate trust office of the Trustee or of any Transfer Agent for a like aggregate

Principal amount of fully-registered Bonds of the same Series and maturity of other authorized denominations. The Trustee or any Transfer Agent shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, no such exchange shall be required to be made between each Record Date and the succeeding interest payment date.

Section 3.05. Bond Registration Books. The Trustee will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Section 3.06. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the Holder of such Bond, shall execute, and the Trustee or any Transfer Agent, shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or any Transfer Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee or any Transfer Agent shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and the Trustee and, if such evidence be satisfactory to both and indemnity as required by the Act or Utah law and satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof). Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of the Issuer, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds of the same Series secured by the Indenture. Neither the Issuer nor the Trustee shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the Principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption of Bonds. Any Series of Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture shall be redeemable, upon notice being given, at such times, at such Redemption Prices and upon such terms as provided in this Article and (in addition to and consistent with the terms contained in this Article) as may be specified in the Supplemental Indenture authorizing the issuance of the Bonds of such Series.

Section 4.02. Selection of Bonds for Redemption. Except as otherwise provided in a Supplemental Indenture:

(a) If less than all of the Bonds of any Series are called for redemption and if the Bonds of such Series shall mature on more than one date, the Bonds of such Series shall be redeemed from the Outstanding Bonds of such Series from such maturities as shall be determined by the Issuer in its discretion.

(b) If less than all of the Bonds of any Series maturing on any single date are called for redemption, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds of such Series maturing on that date not previously called for redemption, in such manner as in the Trustee's sole discretion it shall deem appropriate and fair; *provided, however*, that subject to other applicable provisions of the Indenture or of any Supplemental Indenture, the portion of any Bond to be redeemed shall be in a Principal amount equal to a denomination in which Bonds of such Series are authorized to be issued. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the Principal amount of each Bond by the minimum denomination in which Bonds of such Series are authorized to be issued. If part but not all of a Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Trustee for payment of the Redemption Price on the portion thereof so called for redemption. The Issuer shall execute and the Trustee or any Transfer Agent shall authenticate and deliver to or upon the order of such Holder or his legal representative, without charge therefor, a Bond or Bonds of the same maturity and bearing interest at the same rate as the Bond so surrendered for the unredeemed portion of the surrendered Bond. The Trustee shall promptly notify the Issuer in writing of the Bonds or portions thereof selected for redemption.

Section 4.03. Notice of Redemption. Except as otherwise provided in a Supplemental Indenture:

(a) Notice of redemption shall be given by first-class mail, postage prepaid, not less than 30 nor more than 60 days before such redemption date, to the registered owner of such Bond, at his address as it appears on the bond registration books of the Trustee or at such address as he may have filed with the Trustee for that purpose, and shall be sent by first-class mail to any Security Instrument Issuer or Reserve Instrument Issuer with respect to such Series of Bonds, but neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the source of the funds to be used for such redemption, the Principal amount and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the Redemption Price thereof and interest accrued thereon to the redemption date.

(b) Notice of redemption shall be given by the Trustee for and on behalf and at the expense of the Issuer, at the Written Request of the Issuer. With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of Article XI hereof, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Bonds to be redeemed, and that if such money shall not have been so received said notice shall be of no force and effect, and the Issuer shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made. Unless the notice of redemption contains such a condition, the Issuer shall deposit with, or otherwise make available to, the Trustee the money required for payment of the Redemption Price of and the accrued interest to the redemption date on all Bonds then to be called for redemption at least two days before the date fixed for such redemption.

Section 4.04. Effect of Redemption; Disposition of Redeemed Bonds; Partial Redemption. Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:

(a) If notice of redemption has been duly given as aforesaid, and moneys for payment of the Redemption Price, together with interest to the redemption date on the Bonds so called for redemption, are held by the Trustee, then such Bonds shall, on the redemption date designated in such notice, become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date; and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue.

(b) All Bonds redeemed in whole or in part pursuant to the provisions of this Article shall be cancelled by the Trustee or any Transfer Agent and shall thereafter be delivered to, or upon the order of, the Issuer.

(c) Upon surrender of any registered Bond redeemed in part only, the Issuer shall duly execute and the Trustee or any Transfer Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Issuer, a new Bond or Bonds of the same Series and maturity and of authorized denominations equal in aggregate Principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE V

PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 5.01. The Pledge Effected by the Indenture. (a) The Bonds and the Repayment Obligations are special obligations of the Issuer payable from and secured by the Revenues and funds pledged therefor. There are hereby pledged for the payment of Principal, Redemption Price of and interest on the Bonds and of Repayment Obligations in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application of Revenues for the purposes and on the terms and conditions set forth in the Indenture, (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds (other than the Rebate Fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of Section 148(f) of the Code.

Section 5.02. Establishment of Funds. The following Funds are hereby established and confirmed:

- (1) Construction Fund, to be held by the Trustee,
- (2) Revenue Fund, to be held by the Issuer, and
- (3) Bond Fund, to be held by the Trustee, consisting of (A) a Debt Service Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds and any related Security Instrument Repayment Obligations and (B) a Debt Service Reserve Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds for which a Debt Service Reserve Requirement has been established.

The Issuer may, by Supplemental Indenture, establish one or more additional Funds or accounts.

Section 5.03. Construction Fund. (a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture or any Supplemental Indenture.

(b) The Trustee shall establish within the Construction Fund a separate Project Account for each Project and may establish one or more subaccounts in each Project Account.

(c) The proceeds of insurance maintained in connection with a Project during the period of construction of such Project against physical loss of or damage to properties of the System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the appropriate Project Account in the Construction Fund.

(d) Amounts in each Project Account in the Construction Fund established for a Project shall be applied to pay the Cost of Construction of the Project. In the event and to the extent that

proceeds of the sale of Bonds were deposited in a Project Account pursuant to Section 2.03(b)(2) to provide for the payment of capitalized interest, the Trustee shall, without further direction, during the period for which interest was capitalized, transfer from the Project Account and deposit into the appropriate Series Subaccount in the Debt Service Account, the amounts required to pay interest on the Bonds when due, subject to any limitations contained in the Supplemental Indenture authorizing such Bonds.

(e) Before any payment is made from any Project Account by the Trustee (except for transfers into Series Subaccounts in the Debt Service Account to pay interest on the Bonds as contemplated in (d) above), the Issuer shall file with the Trustee a Written Request of the Issuer, showing with respect to each payment to be made, the name of the person to whom payment is due and the amount to be paid, and stating that the obligation to be paid was incurred and is a proper charge against the Project Account. A form of such Written Request shall be provided in each applicable Supplemental Indenture. Each such Written Request shall be sufficient evidence to the Trustee that: (A) obligations in the stated amounts have been incurred by the Issuer and that each item thereof is a proper charge against the applicable Project Account; and (B) there has not been filed with or served upon the Issuer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Written Request which has not been released or will not be released simultaneously with the payment of such obligation other than materialmen's or mechanics' liens accruing by mere operation of law.

(f) Upon receipt of each such Written Request, the Trustee shall pay the amounts set forth therein as directed by the terms thereof.

(g) The Issuer shall maintain on file with the Trustee a schedule of dates on which the Issuer estimates that money in each Project Account in the Construction Fund will be expended and the amounts estimated to be required on those dates. The Issuer may revise such schedule at any time to reflect changes in the estimated dates and amounts. Amounts in the Construction Fund shall be invested and reinvested by the Trustee in accordance with instructions received from an Authorized Officer of the Issuer to the fullest extent practicable in Investment Securities (or, to the extent permitted by a Supplemental Indenture executed and delivered pursuant to Section 10.02(a)(3), in other investments) maturing in such amounts and at such times as may be necessary to make funds available when needed. The Trustee may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the applicable Project Account in the Construction Fund.

(h) Subject to any required rebate of earnings on investments to the United States of America pursuant to Section 148(f) of the Code, all net income earned on any moneys or investments in the Project Account established in the Construction Fund for a Project shall be held in such Project Account for the purposes thereof unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds.

(i) The Completion Date of a Project shall be evidenced by a Written Certificate of the Issuer, which shall be filed with the Trustee as soon as practicable upon completion of the Project,

stating (1) that such Project has been completed substantially in accordance with the plans and specifications applicable thereto, as from time to time amended, (2) the date of such Completion Date and (3) the amounts, if any, required in the opinion of the signer or signers for the payment of any remaining part of the Cost of Construction of such Project. Upon the filing of such Written Certificate of the Issuer, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such Certificate and if, subsequent to the filing of such Certificate, a supplemental Written Certificate of the Issuer is filed with the Trustee stating that the balance of the money remaining in the Construction Fund is no longer needed to pay Costs of Construction of such Project, any remaining balance in the Project Account in the Construction Fund shall, at the written direction of the Issuer, to the extent permitted under applicable law and covenants regarding the use of proceeds of the Bonds, be (i) used to purchase Bonds as provided in Section 5.10, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Debt Service Account, (iv) transferred into another Project Account to pay Costs of Construction of a Project or (v) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds.

Section 5.04. Revenues and Revenue Fund.

All Revenues shall be deposited promptly by the Issuer to the credit of the Revenue Fund, except that the proceeds of any interest subsidy with respect to the Bonds received from the United States Government may be deposited directly into the Bond Fund for credit to the Debt Service Account.

Section 5.05. Reserved.

Section 5.06. Flow of Funds. (a) Subject to payment of any Operation and Maintenance Costs, the Issuer shall, on or before the fifth Business Day preceding the end of each month, withdraw from the Revenue Fund to the extent available and deposit in the following order and in the following amounts, moneys or Investment Securities which mature or are redeemable at the option of the holder prior to the date when it is anticipated that the proceeds from such Investment Securities are to be disbursed:

(1) for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the separate Series Subaccounts therein shall equal the Accrued Debt Service on the Series of Bonds and, to the extent required by the Supplemental Indenture creating such Series Subaccount, on any Security Instrument Repayment Obligations for which such Series Subaccount was established; *provided*, that if there are not sufficient moneys to satisfy the requirements of this subsection (1) with respect to all Series Subaccounts in the Debt Service Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each such Series Subaccount bears to the total deficiency for all such Series Subaccounts; and *provided further*, that in the event and to the extent moneys have been deposited in any Project Account pursuant to Section 2.03(b)(2), such

moneys shall be transferred from the appropriate Project Account and deposited into the appropriate Series Subaccount in the Debt Service Account in an amount sufficient to cause the balance in such Series Subaccount to equal the interest component of such Accrued Debt Service; and

(2) for credit to each Series Subaccount established within the Debt Service Reserve Account, the amount, if any, necessary to satisfy the applicable Debt Service Reserve Requirement or such other amount required to be deposited therein pursuant to the Supplemental Indenture under which such Series Subaccount was established (including the payment of Reserve Instrument Repayment Obligations to the extent provided for by such Supplemental Indenture); *provided* that if there are not sufficient moneys to satisfy the requirements of this subsection (2) with respect to all Series Subaccounts in the Debt Service Reserve Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Reserve Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Reserve Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each such Series Subaccount bears to the total deficiency for all such Series Subaccounts;

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

(b) Amounts remaining in the Revenue Fund at the end of each month after payment of the amounts required by paragraphs (1) and (2) of subsection (a) of this Section to be deposited into the Bond Fund may be applied by the Issuer, free and clear of the lien of the Indenture, to any one or more of the following, to the extent permitted by law: (1) the purchase or redemption of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds; (2) payments of Principal or redemption price of and interest on any bonds, including general obligation or junior lien revenue bonds, of the Issuer or Principal Installments on Subordinated Bond Anticipation Notes, issued to acquire improvements or extensions to the System; (3) payments into any Project Account or Accounts established in the Construction Fund for application to the purposes of such Accounts; (4) payment of the costs of capital improvements to the System; and (5) any other lawful purpose of the Issuer.

(c) Upon any purchase or redemption, pursuant to subsection (b) of this Section, of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, the Principal amount of such Bonds shall be credited toward such Sinking Fund Installments in such order as the Issuer shall determine.

Section 5.07. Bond Fund - Debt Service Account. (a) Each Supplemental Indenture providing for the issuance of a Series of Bonds by the Issuer shall establish a separate Series Subaccount in the Debt Service Account for each such Series of Bonds, which Series Subaccount may be subdivided as provided in such Supplemental Indenture. Subject to the provisions of the

Supplemental Indenture authorizing the issuance of any Series of Bonds, any payments made by a Security Instrument Issuer with respect to a Series of Bonds shall be deposited into the Series Subaccount relating to such Series of Bonds.

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

(c) Whenever there is a Security Instrument Repayment Obligation due and payable to any Security Instrument Issuer pursuant to the terms and provisions of a related Security Instrument Agreement, the Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to such Security Instrument Issuer an amount equal to such Security Instrument Repayment Obligation. If payment is so made to a Security Instrument Issuer, a corresponding payment on any Pledged Bonds held for the benefit of the Security Instrument Issuer shall not be made but shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

(d) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in a Series Subaccount in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Issuer in a Written Request not less than 60 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (d) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Issuer shall direct the Trustee. The applicable sinking fund Redemption Price (or Principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of a Series Subaccount in the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Series Subaccount. After the 60th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment).

Section 5.08. Bond Fund - Debt Service Reserve Account. (a) Each Supplemental Indenture providing for the issuance of a Series of Bonds shall establish in the Debt Service Reserve Account a separate Series Subaccount for such Series of Bonds if there is a Debt Service Reserve Requirement for such Series of Bonds. Such Supplemental Indenture shall specify the Debt Service Reserve Requirement for such Series Subaccount. Subject to any limitations contained in a Supplemental Indenture, the Issuer may satisfy any Debt Service Reserve Requirement for a Series of Bonds by means of a Reserve Instrument (or may substitute one Reserve Instrument for another); *provided, however*, that if such Series of Bonds is Outstanding and there is a rating in effect for such Series of Bonds, the Issuer shall provide to the Trustee written evidence satisfactory to the Trustee from each Rating Agency then having a rating in effect for such Series of Bonds to the effect that the Rating Agency has reviewed the proposed Reserve Instrument and that the use of such Reserve Instrument (or the substitution of one Reserve Instrument for another, as appropriate) will not, by itself result in a reduction or withdrawal of such Rating Agency's rating of such Series of Bonds.

(b) If on the final Business Day of any month, after the deposit of moneys required by Section 5.06(a)(1), the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount, the Trustee shall (1) apply amounts from the corresponding Series Subaccount, if any, in the Debt Service Reserve Account to the extent necessary to make good the deficiency, and (2) to the extent that moneys and investments available in the corresponding Series Subaccount, if any, in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccount in the Debt Service Account and Reserve Instruments are in effect for the corresponding Series of Bonds, immediately make a demand for payment on all such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Debt Service Account.

(c) Whenever the moneys on deposit in a Series Subaccount in the Debt Service Reserve Account for a Series of Bonds, including investment earnings and Reserve Instrument Coverage with respect thereto, shall exceed the Debt Service Reserve Requirement for all Outstanding Bonds of such Series and related Repayment Obligations, any excess moneys shall be transferred by the Trustee and deposited into the Revenue Fund.

(d) Whenever the amount in a Series Subaccount in the Debt Service Reserve Account, excluding any Reserve Instrument Coverage, together with the amount in the corresponding Series Subaccount in the Debt Service Account for a Series of Bonds, is sufficient to pay in full all Outstanding Bonds of such Series and related Repayment Obligations in accordance with their terms (including Principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in such Series Subaccount in the Debt Service Reserve Account shall be transferred to the corresponding Series Subaccount in the Debt Service Account and no deposits shall be required to be made into such Series Subaccount in the Debt Service Reserve Account.

(e) Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, in calculating the amount on deposit in a Series Subaccount in the Debt Service Reserve Account, the amount of the Reserve Instrument Coverage for the corresponding Series of Bonds

will be treated as an amount on deposit in such Series Subaccount in the Debt Service Reserve Account.

(f) Unless otherwise specified in the Supplemental Indenture authorizing a Series of Bonds, no Reserve Instrument for such Series of Bonds shall be allowed to expire unless and until cash has been deposited into the appropriate Series Subaccount in the Debt Service Reserve Account, or a new Reserve Instrument has been issued in place of the expiring Reserve Instrument, in an amount or to provide coverage at least equal to the Debt Service Reserve Requirement for the corresponding Series of Bonds.

Section 5.09. Purchase of Bonds. The Issuer may purchase Bonds of any Series from any available funds at public or private sale, as and when and at such prices as the Issuer may in its discretion determine, but at a price (excluding accrued interest) not exceeding the Principal amount thereof, or in the case of Bonds which by their terms are subject to redemption prior to maturity, at the then current or first applicable Redemption Price (excluding accrued interest), as the case may be. All Bonds so purchased shall at such times as shall be selected by the Issuer be delivered to and cancelled by the Trustee or any Transfer Agent and shall thereafter be delivered to, or upon the order of, the Issuer, and no Bonds shall be issued in place thereof. In the case of the purchase of Bonds of a Series and maturity for which Sinking Fund Installments shall have been established, the Issuer shall, by a Written Request of the Issuer delivered to the Trustee, elect the manner in which the Principal amount of such Bonds shall be credited toward Sinking Fund Installments.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Punctual Payment of Bonds. (a) The Issuer will punctually pay or cause to be paid the Principal or Redemption Price and the interest to become due in respect of all the Bonds and any Repayment Obligations, in strict conformity with the terms of the Bonds, any Security Instrument Agreement, any Reserve Instrument Agreement and the Indenture, and the Issuer will punctually pay or cause to be paid all Sinking Fund Installments which may be established for any Series of Bonds.

Section 6.02. Construction of Projects. Once the Issuer has determined to construct a Project and issued Bonds with respect to such Project, the Issuer will promptly commence, or cause to be commenced, the construction of such Project and will continue, or cause to be continued, the same to completion with all practicable dispatch, and such Project will be constructed in a sound and economic manner, except as otherwise provided in Section 6.14.

Section 6.03. Against Encumbrances. The Issuer will not create, and will use its best efforts to prevent the creation of, any mortgage or lien upon the System or any property essential to the proper operation of the System or to the maintenance of the Revenues; *provided, however*, that this provision shall not prohibit the Issuer from entering into lease purchase contracts, installment purchase contracts or similar arrangements to finance the acquisition of additions to the System. The Issuer will not create, or permit the creation of, any pledge, lien, charge or

encumbrance upon the Revenues that is senior to or on a parity with the Bonds, except as provided in or permitted by the Indenture.

Section 6.04. Against Sale or Other Disposition of Property Except Under Conditions. The Issuer will not sell or otherwise dispose of any property essential to the proper operation of the System or the maintenance of the Revenues, *provided* that this covenant shall not be construed to prevent the disposal by the Issuer of property which in its judgment has become inexpedient to use in connection with the System; *provided further* that this covenant shall not apply to the sale or other disposition of (a) any property constituting part of the System that has a fair market value equal to or less than 10% of the fair market value of the System or (b) property constituting part of the system that has a fair market value greater than 10% of the fair market value of the system if the Issuer shall first file with the Trustee a Written Certificate of the Issuer, demonstrating that immediately subsequent to such sale or disposition, and after giving effect to the loss of Revenues, if any, resulting from such sale or other disposition and for the remainder of the Fiscal Year in which such sale or other disposition is consummated and in the next succeeding Fiscal Year, the Estimated Revenues of the System will be not less than the Rate Covenant Requirement. The Issuer will not enter into any lease or other agreement which impairs or impedes the operation of the System or which impairs or impedes the rights of the Bondholders, Security Instrument Issuers and Reserve Instrument Issuers with respect to the Revenues. The Trustee shall have no responsibility with respect to any such leases or agreements entered into by the Issuer.

Section 6.05. Operation and Maintenance. The Issuer will cause the System to be operated continuously in an efficient and economical manner, to the extent practicable under conditions as they may from time to time exist, and will at all times cause the System to be maintained, preserved and kept in good repair, working order and condition, and the Issuer will from time to time cause to be made all necessary and proper repairs and replacements so that the rights and security of the Holders of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers may be fully protected and preserved.

Section 6.06. Maintenance of Revenues. (a) The Issuer will at all times:

- (1) faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State; and
- (2) comply with all terms, covenants and provisions, express or implied, of all contracts and agreements entered into by it for System use and services and all other contracts or agreements affecting or involving the System or the business of the Issuer with respect thereto.

(b) The Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further accounts, instruments and transfers as the Trustee may reasonably require for the better assuring, pledging and confirming to the Trustee all and singular the Revenues and the other amounts pledged hereby to the payment of the principal of, Redemption Price and interest on the Bonds and the Repayment Obligations. The Issuer will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Revenues, except as otherwise permitted hereunder.

Section 6.07. Observance of Laws and Regulations. The Issuer will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege, license or franchise now owned or hereafter acquired by the Issuer, including its right to exist and carry on business, to the end that such rights, privileges, licenses and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; *provided, however*, that the Issuer shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Section 6.08. Payment of Taxes and Claims. The Issuer will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues, when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Issuer will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the construction of any Project and other improvements of the System) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Indenture on the Revenues may at all times be maintained and preserved and free from any claim or liability which might embarrass or hamper the Issuer in conducting its business.

Section 6.09. Insurance. Subject in each case to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions, the Issuer will secure and maintain ordinary and necessary insurance on such of the physical properties of the System as are normally insured by public entities engaged in the operation of similar properties, except that the Issuer may in its discretion be a self-insurer of any risk;

Section 6.10. Accounts and Reports. (a) The Issuer will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of the Issuer, in which complete and accurate entries shall be made of all transactions relating to the System and the Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Holders of not less than 5% of the Bonds then Outstanding, any Security Instrument Issuer, any Reserve Instrument Issuer, any party specified by a Supplemental Indenture, or their representatives authorized in writing.

(b) The Issuer will place on file with the Trustee and with any party specified by a Supplemental Indenture annually within 180 days after the close of each Fiscal Year, a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues and all expenditures for Operation and Maintenance Costs and other expenditures from the Revenues applicable to the System, together with a balance sheet in reasonable detail reflecting the financial condition of the System, including the balances of all Funds relating to the System as of the end of each Fiscal Year, *provided, however*, that the Trustee shall have no responsibility to review or interpret such financial statements. Each such audit, in addition to whatever matters may be

thought proper by the Independent Public Accountant to be included therein, shall include the following:

(1) Comments regarding the manner in which the Issuer has carried out the requirements of this Indenture and recommendations for any change or improvements in the accounting operations of the System.

(2) A list of the insurance policies in force at the end of the Fiscal Year with respect to the System, its officers and employees setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy.

(3) A statement as to whether or not the Revenues for such Fiscal Year were at least equal to the Rate Covenant Requirement.

(4) An analysis of all Funds provided for herein, setting out as to each all deposits and disbursements made during the Fiscal Year and the amount in each Fund at the end of the Fiscal Year.

Simultaneously with the filing of such financial statement, there shall be filed with the Trustee and with any party specified by a Supplemental Indenture a report of bond indenture compliance review conducted by the firm of Independent Public Accountants which signed the Accountants' Certificate accompanying the financial statement.

(c) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture shall be available for inspection of Bondholders, Security Instrument Issuers and Reserve Instrument Issuers at the principal corporate trust office of the Trustee and, upon the Written Request of the Issuer, shall be mailed to each Bondholder, Security Instrument Issuer, Reserve Instrument Issuer, investment banker, security dealer or other person interested in the Bonds who shall file a written request therefor with the Issuer.

(d) The Issuer shall file with the Trustee and with any party specified by a Supplemental Indenture (1) immediately upon becoming aware of any Event of Default or other default in the performance by the Issuer of any covenant, agreement or condition contained in the Indenture, a Written Certificate of the Issuer specifying such default; and (2) not later than 180 days following the end of each Fiscal Year a Written Certificate of the Issuer stating that, to the best of the knowledge and belief of the Authorized Officer of the Issuer executing such Written Certificate, except for any default then existing which shall have been specified in the Written Certificate of the Issuer referred to in (1) above, the Issuer has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Indenture and there does not exist at the date of such Written Certificate any default by the Issuer under the Indenture or any Event of Default or other event which, with the lapse of time specified in Section 9.01, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

Section 6.11. Rates and Charges. (a) In order to assure full and continuous performance of the covenants contained in Section 6.01 and Section 6.06 with a margin for contingencies and

temporary unanticipated reduction in Revenues, the Issuer covenants and agrees to establish, fix, prescribe and collect rates, charges and fees for the sale or use of System services furnished by the Issuer which, together with other income, are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. The term "Rate Covenant Requirement" means an amount of Net Revenues which, together with any Other Available Revenues, is at least equal to the sum of (a) 125% of the Aggregate Debt Service excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (b) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year, and (c) 100% of the amounts, if any, required by the Indenture to be deposited by the Issuer into the Debt Service Reserve Account during the forthcoming Fiscal Year.

(b) If the annual financial statement made in accordance with the provisions of Section 6.10(b) relating to Revenues discloses that during the period covered by such financial statement the Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall not be in default under this Section if, within 90 days after the date of such financial statement the Issuer revises the schedule of rates, charges and fees, insofar as is practicable, so as to produce Revenues at least equal to the Rate Covenant Requirement.

Section 6.12. Maintenance of Paying Agents. The Trustee shall pay to the Paying Agents, to the extent of the moneys held by the Trustee for payment, funds for the prompt payment of the Principal and Redemption Price of and interest on the Bonds .

Section 6.13. Eminent Domain. If all or any part of the System shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by the Issuer therefrom shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions:

(a) If such funds are sufficient to provide for the payment of the entire amount of Principal due or to become due upon all of the Outstanding Bonds, together with all of the interest due or to become due thereon and any redemption premiums thereon, so as to enable the Issuer to retire all of the Bonds then Outstanding, either by call and redemption at the then current Redemption Prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, and to pay all Repayment Obligations, the Trustee shall apply such moneys to such retirement or payment, as appropriate, and to the payment of such interest. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations. The balance of such moneys, if any, shall be transferred to the Issuer.

(b) If such proceeds are insufficient to provide the moneys required for the purposes set forth in subsection (a) of this Section, the Issuer shall file with the Trustee a Written Request of the Issuer requesting the Trustee to apply such proceeds for one of the following purposes:

(1) If such Written Request requests the Trustee to apply such proceeds to the purchase, redemption or retirement of Bonds , the Trustee shall apply such proceeds to the purchase, redemption or retirement of Bonds then Outstanding. If

more than one Series of Bonds is then Outstanding, such proceeds shall be applied pro rata to the purchase, redemption or retirement of the Bonds of each such Series in the proportion which the Principal amount of Bonds of each such Series then Outstanding bears to the aggregate Principal amount of all Bonds then Outstanding. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations.

(2) If such Written Request requests the Trustee to deliver such proceeds to the Issuer to apply to the cost of additions, betterments, extensions or improvements to the System, the Issuer shall also file with the Trustee a Written Certificate of the Issuer showing the loss in annual Revenues, if any, suffered, or to be suffered, by the Issuer by reason of such eminent domain proceedings, together with a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired or constructed by the Issuer from such proceeds. If, in the opinion of the Issuer (evidenced by a Written Certificate of the Issuer filed with the Trustee), which shall be final, the additional Revenues to be derived from such additions, betterments, extensions or improvements will sufficiently offset the loss of Revenues resulting from such eminent domain proceedings so that the ability of the Issuer to meet its obligations hereunder will not be substantially impaired, the Trustee shall pay such proceeds to the Issuer. The Issuer shall hold such proceeds in trust and apply them to the acquisition or construction of the additions, betterments, extensions or improvements substantially in accordance with the Written Certificate of the Issuer. The Issuer shall acquire or construct such additions or improvements in a sound and economic manner and as expeditiously as is practicable. Any balance of such proceeds not required by the Issuer for the purposes aforesaid shall be deposited into the Revenue Fund.

(3) If such Written Request requests the Trustee to deposit such proceeds into the Revenue Fund upon the basis that such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Bonds s, the Issuer shall also file with the Trustee a Written Certificate of the Issuer stating that such eminent domain proceedings have not substantially impaired or affected the operation of the System or the ability of the Issuer to meet all of its obligations hereunder with respect to the payment of the Bonds. Upon receipt of such Written Request and such Written Certificate of the Issuer, the Trustee shall deposit such proceeds into the Revenue Fund.

Section 6.14. Reconstruction of System; Application of Insurance Proceeds. If any useful portion of the System shall be damaged or destroyed, the Issuer shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof at such location as the Issuer deems appropriate, unless the Issuer shall file with the Trustee a Written Certificate of the Issuer to the effect that such reconstruction or replacement is not in the interests of the Issuer or the Bondholders. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance or public liability insurance, shall, if the appropriate Project Account in the Construction Fund has not been closed, be paid into

the Construction Fund as provided in Section 5.03(c), or if the Construction Fund has been closed, shall be held by the Trustee in a special account and made available for, and to the extent necessary applied to, the cost of such reconstruction or replacement, if any. Pending such application, such proceeds may be invested by the Issuer in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement. Any balance of such proceeds of insurance shall be applied in the same manner as provided in Section 5.03(i).

Section 6.15. Compliance with Indenture. The Issuer will not issue any Bonds in any manner other than in accordance with the provisions of the Indenture and will not suffer or permit any default to occur under the Indenture, but will faithfully observe and perform all the covenants, conditions and requirements hereof. The Issuer will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers of the rights, benefits and security provided in the Indenture. The Issuer for itself, its successors and assigns, represents, covenants and agrees with the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers as a material inducement to the purchase of the Bonds, the execution of the and the issuance of the Security Instruments and the Reserve Instruments, that so long as any of the Bonds shall remain Outstanding and the principal or Redemption Price thereof or interest thereon shall be unpaid or not provided for, it will faithfully perform all of the covenants and agreements contained in the Indenture and the Bonds .

Section 6.16. Power to Issue Bonds and Pledge Revenues and Other Funds. The Issuer is duly authorized under all applicable laws to create and issue the Bonds and to execute and deliver the Indenture and to pledge the Revenues and other moneys, securities and funds purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Issuer in accordance with their terms and the terms of the Indenture. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and Funds pledged under the Indenture and all the rights of the Bondholders, the Security Instrument Issuers and the Reserve Instrument Issuers under the Indenture against all claims and demands of all persons whomsoever.

Section 6.17. Power to Own System and Collect Rates and Fees. The Issuer has, and will have so long as any Bonds are Outstanding or Repayment Obligations are unpaid, good, right and lawful power to own (to the fullest extent of its interest therein) or to operate the System and to fix and collect rates, fees and other charges in connection with the System. The Issuer shall at all times undertake reasonable efforts to perfect, protect and maintain all permits, licenses and claims necessary for the operation of the System.

ARTICLE VII

THE TRUSTEE AND THE PAYING AGENTS

Section 7.01. Appointment of Trustee. (a) The Issuer shall in the Supplemental Indenture authorizing the first Series of Bonds appoint the Trustee for the Holders of the Bonds, to act as the legal depository of the Issuer for the purpose of receiving all moneys which the Issuer is required to pay to the Trustee hereunder, and to hold, allocate, use and apply the same as provided in the Indenture. The Trustee shall signify its acceptance of the duties and obligations imposed on it by the Indenture by executing and delivering to the Issuer a written acceptance thereof. The Trustee shall also act as registrar and as a Transfer Agent for the Bonds, with the duties herein provided, and shall also act in accordance with the duties specified in Section 3.01(a), except that the Issuer may appoint one or more additional Transfer Agents.

(b) The Trustee may at any time resign or be discharged of its duties and obligations hereby created by giving not less than 60 days' written notice to the Issuer, specifying the date when such resignation shall take effect, and mailing notice thereof by first class mail, postage prepaid, to the Holders of all Bonds then Outstanding. Such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor; *provided, however*, that such resignation of the Trustee shall in no event take effect until such successor shall have been appointed and accepted the duties of Trustee.

(c) The Issuer may at any time remove the Trustee initially appointed or any successor thereto by the adoption of a Council resolution providing for such removal, for the appointment of a successor, and for the effective date of the removal of the Trustee. The Trustee may also be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of Bonds representing a majority of the Principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized. Any such removal of the Trustee shall in no event take effect until such successor shall have been appointed and shall have accepted the duties of Trustee by the execution of a Supplemental Indenture.

(d) Notice of the resignation or removal of the Trustee and the appointment of a successor shall be given by first class mail, postage prepaid, to the registered Holders of all Bonds then Outstanding, to all Security Instrument Issuers and to all Reserve Instrument Issuers, within 30 days after execution and delivery of the Council resolution providing for such appointment. Any successor Trustee appointed by Council resolution subsequent to the issuance of the first Series of Bonds issued hereunder shall be a bank or trust company in good standing incorporated under the laws of the United States of America or any state, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

Section 7.02. Paying Agents; Appointment and Acceptance of Duties; Removal. The Issuer shall appoint Paying Agents for the Bonds of each Series pursuant to Supplemental Indentures. Each Paying Agent shall signify its acceptance of the duties and obligations imposed

upon it by the Indenture by executing and delivering to the Issuer and to the Trustee a Supplemental Indenture or other written acceptance thereof. The Issuer may remove any Paying Agent and any successor thereto, and appoint a successor or successors thereto; *provided, however*, that any such Paying Agent designated by the Issuer shall continue to be a Paying Agent of the Issuer for the purpose of paying the Principal and Redemption Price of and interest on the Bonds until the designation of a successor as such Paying Agent. Each Paying Agent designated for a Series of Bonds is hereby authorized to redeem Bonds of such Series when duly presented to it for payment or redemption, which Bonds shall thereafter be delivered to the Trustee for cancellation.

Section 7.03. Terms and Conditions of the Trusts. The Trustee shall perform the trusts contained in the Indenture as a corporate trustee ordinarily would perform said trusts under a corporate indenture, only upon and subject to the following express terms and conditions:

(a) The Trustee shall perform such duties and only such duties as are specifically set forth in the Indenture. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of any of the same who have been selected by it with ordinary care in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney for the Issuer or any other attorneys, if, in the case of such other attorneys, they are approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee shall not be liable for any error of judgment made in good faith by any of its officers or employees unless it shall be proved that the Trustee was negligent in ascertaining pertinent facts.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the sufficiency of the security for the Bonds issued hereunder intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer herein set forth; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Indenture.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner or pledgee of Bonds secured

hereby with the same rights which it would have if not Trustee. To the extent permitted by law, the Trustee may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture, upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in Principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Written Certificate of the Issuer as sufficient evidence of the facts therein contained and shall also be at liberty to accept a similar Written Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Recorder to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable with respect to such permissive rights for other than its gross negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (1) failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof, (2) the failure of the Issuer to file with the Trustee any document required by the Indenture to be so filed prior to or subsequent to the issuance of the Bonds, or (3) any default with respect to a Security Instrument Agreement or a Reserve Instrument Agreement as to which any of the parties thereto has specifically notified the Trustee in writing; *provided* that the Trustee shall be required to take notice or be deemed to have notice of any default hereunder if specifically notified in writing of such default by the Holders of not less than 10% in aggregate Principal amount of Bonds then Outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee have been delivered at the principal corporate trust office of the Trustee. In the absence of such notice, the Trustee may conclusively assume there is no default except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of the Issuer pertaining to the System, the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in the Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee reasonably deemed desirable by it for the purpose of establishing the right of the Issuer to the authentication of any Bonds or the taking of any other action by the Trustee.

(l) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders, Security Instrument Issuers, Reserve Instrument Issuers, pursuant to the provisions of the Indenture, unless such Bondholders, Security Instrument Issuers, Reserve Instrument Issuers shall have offered to the Trustee security or indemnity acceptable to the Trustee against the costs, expenses and liabilities which might be incurred therein or thereby.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law.

(n) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, Bond, or other paper or document, unless requested in writing so to do by (1) Holders of not less than 25% in aggregate Principal amount of the Bonds then Outstanding, (2) any Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation, or (3) any Reserve Instrument Issuer of a Reserve Instrument then in full force and effect and not in default on a payment obligation; *provided*, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of the Indenture, the Trustee may require indemnity acceptable to the Trustee against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such inquiry or examination shall be paid by the Issuer or, if paid by the Trustee, shall be repaid by the Issuer.

(o) The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion, rights or powers conferred upon it by the Indenture.

(p) None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

(q) The Trustee shall not be obligated to take or omit to take any action hereunder if, upon the basis of advice of counsel selected by it, the Trustee determines it would be unlawful to take or omit to take such action.

(r) The books of record and accounts maintained by the Trustee in connection with its duties hereunder shall at all times during business hours of the Trustee be subject to the inspection of an Authorized Officer of the Issuer.

(s) The Trustee hereby waives any right to set off and shall apply any and all deposits (general or special, time or demand, provisional or final) or collateral at any time held or any other indebtedness at any time owing by the Trustee, to or for the funds and accounts created hereunder or under any Supplemental Indenture, for the payment of the Principal of and interest on any Bonds.

Section 7.04. Intervention by the Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the Holders of a majority of the aggregate Principal amount of Bonds then Outstanding or any Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation. The rights and obligations of the Trustee under this section are subject to the approval of a court of competent jurisdiction.

Section 7.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business or assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of the Trustee or the Issuer, anything herein to the contrary notwithstanding.

Section 7.06. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to the Issuer a Supplemental Indenture or other written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested

with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Written Request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its or his successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any Trustee ceasing to act shall, nevertheless, retain lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to the provisions of Section 7.07 hereof.

Section 7.07. Compensation of the Trustee and Its Lien. The Issuer covenants and agrees to pay to the Trustee from time to time and the Trustee shall be entitled to, reasonable compensation and, except as otherwise expressly provided, the Issuer covenants and agrees to pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ including but not limited to any Paying Agent, Transfer Agent or Depository) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Issuer also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Issuer under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of the Indenture. Such additional indebtedness shall be secured by a lien prior to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Bonds.

Section 7.08. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of Utah) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or

co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either of them shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 7.09. Appointment, Duties and Term of Remarketing Agent. The Issuer may, pursuant to a Supplemental Indenture, related resolution, or Remarketing Agreement authorized by either of such instruments, appoint one or more Remarketing Agents from time to time to purchase or remarket Put Bonds.

Section 7.10. Appointment, Duties and Term of Transfer Agent. The Issuer may appoint one or more Transfer Agents from time to time to transfer and authenticate Bonds. Each appointment of a Transfer Agent other than the Trustee shall be made by a Supplemental Indenture which shall, among other things, specify the duties, qualifications and term of such Transfer Agent and the conditions under which such Transfer Agent may resign, be removed or be replaced. Each Transfer Agent other than the Trustee shall signify its acceptance of the duties imposed upon it pursuant to the Indenture by depositing with the Issuer and the Trustee a written acceptance of such duties, together with a certificate stating that the Transfer Agent is duly qualified to perform such duties under the terms of the Indenture and under all applicable local, state and federal laws. Unless otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the Trustee shall act as Transfer Agent for such Series of Bonds.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF INDENTURE

Section 8.01. Amendments Permitted. (a) The Indenture or any Supplemental Indenture and the rights and obligations of the Issuer and of the Holders of the Bonds may be modified or amended at any time by a Supplemental Indenture and pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting,

(1) of the Holders of at least 60% in Principal amount of the Bonds then Outstanding,

(2) in case less than all of the several Series of Bonds then Outstanding, of the Holders of at least 60% in Principal amount of the Bonds of each Series so affected then Outstanding, and

(3) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of at least 60% in Principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and then Outstanding;

provided, however, that if such modification or amendment will, by its terms, not take effect so long as any or Bonds of any specified Series remain Outstanding, the consent of the Holders of Bonds of such Series shall not be required and the Bonds of such Series shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No modification or amendment permitted by this Section shall (i) extend the fixed maturity of any Bond, or reduce the Principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Indenture, without the consent of the Holders of all of the Bonds then Outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee. If a Security Instrument or a Reserve Instrument is in effect and not in default on a payment obligation with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in Section 8.01(b), neither the Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or the related Reserve Instrument Issuer, as the case may be. Notwithstanding any provisions of the Indenture to the contrary, a Supplemental Indenture providing for the issuance by a Security Instrument Issuer of a Security Instrument in connection with a Series of Bonds issued under the Indenture may provide, among other provisions, that the Security Instrument Issuer shall at all times, so long as the Series of Bonds remain Outstanding, be deemed to be the exclusive Holder of all of the Bonds of such Series for the purpose of consenting to the execution and delivery of a Supplemental Indenture pursuant to the provisions of this subsection (a).

(b) Except as provided in a Supplemental Indenture, the Indenture or any Supplemental Indenture and the rights and obligations of the Issuer, the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondholders, Security Instrument Issuer or Reserve Instrument Issuer, but only to the extent permitted by law and only for any one or more of the following purposes:

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

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

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

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

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

(6) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated thereunder, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America. Any Tax Exemption Certificate may be amended or supplemented at any time as and to the extent provided therein without the consent of the Bondholders, Security Instrument Issuers or Reserve Instrument Issuers;

(7) if the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(8) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(9) unless otherwise provided by a Supplemental Indenture authorizing a Series of Construction Bonds (or Bond Anticipation Notes), the designation of additions, improvements and extensions to the System as a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (1) a Supplemental Indenture designating the facilities to comprise the Project, (2) an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status (if applicable) or validity of the Bonds, and (3) a Written Certificate of the Issuer setting forth the Estimated Completion Date and the estimated Cost of Construction of the Project, as amended, and certifying that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture, particularly Section 6.11;

(10) to correct any references contained herein to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references herein are incorrect;

(11) to provide for the pledge of additional monies, funds or other assets to secure payment of one or more Series of Bonds s; and

(12) to provide for a Reserve Instrument instead of cash to satisfy all or a portion of a Debt Service Reserve Requirement.

No modification or amendment shall be permitted pursuant to paragraph (11) of this Section 8.01(b) unless the Issuer delivers to the Trustee an Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment. The Issuer shall notify any Security Instrument Issuer or Reserve Instrument Issuer prior to the execution and delivery of a Supplemental Indenture pursuant to this Section 8.01(b).

(c) Each Supplemental Indenture authorized by this Section shall become effective as of the date of its execution and delivery or such later date as shall be specified in such Supplemental Indenture.

Section 8.02. Bondholders' Meetings. (a) The Trustee may, and upon the Written Request of the Issuer shall, at any time, call a meeting of the Holders of Bonds, to be held at such place as may be selected by the Trustee and specified in the notice calling such meeting. Written notice of such meeting, stating the time and place of meeting and in general terms the business to be submitted, shall be mailed by the Trustee, postage prepaid, not less than 30 nor more than 60 days before such meeting, to any Security Instrument Issuer or Reserve Instrument Issuer that is in effect and not in default on a payment obligation with respect to any Series of Bonds Outstanding and to each Holder of Bonds then Outstanding at his address, if any, appearing upon the Bond register of the Issuer. The cost and expense of the giving of such notice shall be borne by the Issuer and the Trustee shall be reimbursed by the Issuer for any expense incurred by it.

(b) Prior to calling any meeting of the Holders of Bonds, the Trustee shall adopt regulations for the holding and conduct of such meeting, and copies of such regulations shall be filed at the principal corporate trust office of the Trustee and at the office of the Issuer and shall be open to the inspection of all Bondholders. The regulations shall include such provisions as the Trustee may deem advisable for evidencing the ownership of Bonds, for voting in person or by proxy, for the selection of temporary and permanent officers to conduct the meeting and inspectors to tabulate and canvass the votes cast thereat, the adjournment of any meeting and the records to be kept of the proceedings of such meeting, including rules of order for the conduct of such meeting and such other regulations as, in the opinion of the Trustee, may be necessary or desirable.

(c) No resolution adopted at such meeting of Bondholders shall be binding unless and until a valid Supplemental Indenture has been passed containing the modifications or amendments authorized by the resolution adopted at such meeting. Such Supplemental Indenture shall become

effective upon the filing with the Trustee of the resolution adopted at such meeting and such Supplemental Indenture.

Section 8.03. Amendment by Written Consent. The Council may at any time execute and deliver a valid Supplemental Indenture amending the provisions of the Bonds, or of the Indenture or any Supplemental Indenture, to the extent that such an amendment is permitted by this Article, to become effective when and as approved by written consent of the Bondholders and any necessary Security Instrument Issuers and Reserve Instrument Issuers and as provided in this Section. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Issuer or the Trustee the written consents of the necessary number of Holders of the Bonds then Outstanding and the consents of any necessary Security Instrument Issuers and Reserve Instrument Issuers, and a notice shall have been mailed as hereinafter in this Section provided. It shall not be necessary for any consent of the Bondholders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.04. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder thereof (whether or not such subsequent Holder has notice thereof) unless such consent is revoked in writing by the Holder of the Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Issuer prior to the date when the notice hereinafter in this Section provided for has been mailed. Notice of the fact of the execution and delivery of such Supplemental Indenture shall be mailed by the Issuer to Bondholders (but failure to mail copies of such notice shall not affect the validity of the Supplemental Indenture when assented to by the requisite percentage of the Holders of the Bonds as aforesaid) and to each Security Instrument Issuer and Reserve Instrument Issuer of a Security Instrument or a Reserve Instrument, as the case may be, then in effect and not in default in a payment obligation.

Section 8.04. Disqualified Bonds. Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds in this Article provided for, and neither the Issuer nor any Holder of such Bonds shall not be entitled to vote or consent to, or to take, any other action provided for in this Article. Any Pledged Bonds shall be deemed Outstanding and, for the purposes of any vote, shall be considered to be owned by the appropriate Security Instrument Issuer.

Section 8.05. Effect of Modification or Amendment. When any Supplemental Indenture modifying or amending the provisions of the Indenture or any Supplemental Indenture shall become effective, as provided in this Article, the Indenture or such Supplemental Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Indenture or such Supplemental Indenture of the Issuer, the Trustee, any Security Instrument Issuer, any Reserve Instrument Issuer and all Holders of Bonds Outstanding hereunder or thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Indenture or the modified or amended Supplemental Indenture for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments. The Issuer or the Trustee may determine that Bonds executed and delivered after the effective date of a Supplemental Indenture executed and delivered as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Issuer, as to the modification or amendment provided for by such Supplemental Indenture. In that case, upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or at such other office as the Issuer may select and designate for that purpose, a suitable notation shall be made on such Bond. The Issuer may determine that new Bonds, so modified as in the opinion of the Issuer is necessary to conform to such Supplemental Indenture, shall be prepared, executed and delivered. In that case, upon demand of the Holder of any Bond then Outstanding, such new Bonds shall be exchanged at the principal corporate trust office of the Trustee without cost to any Bondholder, for Bonds then Outstanding, upon surrender of such Bonds.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 9.01. Events of Default. The occurrence of one or more of the following events shall constitute an "Event of Default":

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

(b) failure by the Issuer to make the due and punctual payment of any installment of interest on any Bond or any Sinking Fund Installment when and as such interest installment or Sinking Fund Installment shall become due and payable;

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

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

(e) any event specified in a Supplemental Indenture as constituting an Event of Default;

provided that any failure by the Issuer to make payment as described in subparagraph (a) or (b) of this Section shall not constitute an Event of Default with respect to any Bond if the Supplemental Indenture authorizing the issuance of such Bond provides that due and punctual payment by a Security Instrument Issuer or a Reserve Instrument Issuer shall not give rise to an Event of Default and such payment is, in fact, duly and punctually made.

The Trustee shall give notice to any Security Instrument Issuer or Reserve Instrument Issuer of any Event of Default known to the Trustee within 30 days after it has knowledge thereof.

Section 9.02. Acceleration. (a) Upon the occurrence of an Event of Default, unless the principal of all the Bonds shall have already become due and payable,

(1) the Trustee may, or

(2) upon receipt of the written request of (i) the Holders of not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds, as the case may be), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, the Trustee shall, or

(3) the Trustee shall, if an Event of Default shall have occurred under Section 9.01(e) and the Supplemental Indenture specifying such Event of Default requires acceleration upon occurrence of such Event of Default under this Section 9.02 (provided that if the Supplemental Indenture specifies that any conditions relating to such Event of Default to be satisfied prior to acceleration, such conditions have been satisfied),

upon notice in writing to the Issuer, declare the Principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration such Principal and interest shall be immediately due and payable, notwithstanding anything to the contrary in the Indenture or in the Bonds; provided that with respect to an Event of Default described in 9.01(a) or (b) relative to any Series of Bonds Outstanding secured by a Security Instrument which is in full force and effect and not in default on any payment obligation thereunder, no acceleration of such Series of Bonds shall occur without the written consent of the Security Instrument Issuer that provided such Security Instrument, which consent shall not be unreasonably withheld.

(b) The right of the Trustee, or of the parties described in Section 9.02(a)(2), to request the Trustee to make any such declaration as aforesaid, however, is subject to the conditions that:

(1) if, at any time after such declaration, all overdue installments of interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Issuer under the Indenture (except the Principal of, and interest accrued since the next preceding interest payment date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by the Issuer or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Indenture (other than the payment of Principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor;

(2) if, at any time after such declaration, no event of default, however defined in any Security Instrument Agreement, has occurred and is continuing under such Security Instrument Agreement and if any Security Instrument then in effect with respect to the Bonds has been reinstated to the fullest amount possible with respect to such Bonds pursuant to the terms and provisions of the related Security Instrument Agreement;

(3) if the amount available to be drawn by the Trustee under each Reserve Instrument is then equal to the Reserve Instrument Limit; and

(4) if any other requirement specified in a Supplemental Indenture shall have been satisfied;

then and in every such case (i) the Holders of not less than 50% in aggregate Principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure 50% in aggregate Principal amount of the Bonds then Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing 50% in aggregate Principal amount of the Bonds at the time Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the parties described in Section 9.02(a)(2), and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by (i) the Holders of not less than 50% in aggregate Principal amount of the Bonds then Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of the Bonds then Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing not less than 50% in aggregate Principal amount of the Bonds at the time Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Section 9.03. Accounting and Examination of Records After Default. The Issuer covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of the Issuer and all other records of the Issuer relating to the System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys. The Issuer covenants that if an Event of Default shall happen and shall not have been remedied, the Issuer, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as shall be stated in such demand.

Section 9.04. Application of Revenues and Other Moneys After Default. (a) During the continuance of an Event of Default, the Trustee shall apply such Revenues and such moneys, securities and funds and the income therefrom as follows and in the following order:

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

(2) to the payment of the Operation and Maintenance Costs;

(3) to the payment of the interest and Principal or Redemption Price then due on the Bonds, the and Security Instrument Repayment Obligations, as follows:

(A) unless the Principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and the Security Instrument Repayment Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds, the and Security Instrument Repayment Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds, the and Security Instrument Repayment Obligations due on any date, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) if the Principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the Principal and interest then due and

unpaid upon the Bonds, the and Security Instrument Repayment Obligations without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond or Security Instrument Repayment Obligations over any other Bond or Security Instrument Repayment Obligations, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or preference; and

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

provided, however, that, unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds: (i) moneys received under any Security Instrument or held in any Series Subaccount in the Debt Service Account in the Bond Fund shall not be used for purposes other than payment of the interest and Principal or Redemption Price than due on such Series of Bonds secured by such Security Instrument or such Series of Bonds for which such Series Subaccount in the Debt Service Account was established, in accordance with paragraph (3) of this subsection (a); and (ii) moneys received under any Reserve Instrument or held in any Series Subaccount in the Debt Service Reserve Account in the Bond Fund shall not be used for purposes other than payment of the interest and Principal or Redemption Price then due on such Series of Bonds secured by such Reserve Instrument or such Series of Bonds for which such Series Subaccount in the Debt Service Reserve Account was established, in accordance with paragraph (3) of this subsection (a).

(b) If and whenever all overdue installments of interest on all Bonds, and Repayment Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Indenture, including the Principal and Redemption Price of and accrued unpaid interest on all Bonds, and Repayment Obligations which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, and the Security Instrument Repayment Obligations shall be made good or secured to the satisfaction of the Security Instrument Issuers or provision deemed by the Security Instrument Issuers to be adequate shall be made therefor, and the Reserve Instrument Repayment Obligations shall be made good or secured to the satisfaction of the Reserve Instrument Issuers or provision deemed by the Reserve Instrument Issuers to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to the Issuer by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Section 9.05. Rights and Remedies of Bondholders. (a) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, no Holder of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(2) (a) the Holders of not less than 25% in Principal amount of the Outstanding Bonds, (b) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure 25% in aggregate Principal amount of the Bonds at the time Outstanding, or (c) any combination of Bondholders and Security Instrument Issuers described in clauses (a) and (b) representing not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders or Security Instrument Issuers have offered to the Trustee indemnity acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by (a) the Holders of a majority in Principal amount of the Outstanding Bonds, (b) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (c) any combination of Bondholders and Security Instrument Issuers described in clauses (a) and (b) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding;

it being understood and intended that no one or more Holders of Bonds, Security Instrument Issuers or Reserve Instrument Issuers shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other such parties, or to obtain or to seek to obtain priority or preference over any other such parties or to enforce any right under this Indenture, except in the manner herein and therein provided and for the equal and ratable benefit of all such parties and it being further understood and intended that no one or more Holders of Bonds shall have any right whatever to draw directly upon any Security Instrument or Reserve Instrument and that any draws upon any Security Instrument and Reserve Instrument must be strictly in accordance with the provisions of the Indenture.

(b) Notwithstanding any other provision in this Indenture, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the Principal of, Redemption Price and interest on such Bond on the respective stated maturities expressed in such

Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit for the enforcement of any such payment, subject only to any conditions of any Security Instrument Issuer providing a Security Instrument securing such Bond. Such right to receive payment shall not be impaired without the consent of such Holder.

(c) The (1) the Holders of a majority of the Principal amount of the Outstanding Bonds, (2) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (3) any combination of Bondholders and Security Instrument Issuers described under clauses (1) and (2) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, *provided* that:

- (i) such direction shall not be in conflict with any rule of law or this Indenture,
- (ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and
- (iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 9.06. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders, the Security Instrument Issuers and the Reserve Instrument Issuers, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the trust estate created hereby, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments shall confer.

Section 9.07. Non-Waiver. Nothing in this Article or in any other provision of the Indenture, or in the Bonds or in the , shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Principal and Redemption Price of and interest on the Bonds, and Repayment Obligations to the respective Holders of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Revenues and other moneys, securities and Funds herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Holders, Security Instrument Issuers and Reserve Instrument Issuers, as appropriate, to institute suit to enforce such payment by virtue of the contract embodied in the Bonds, and Repayment Obligations. No delay or omission of the Trustee or of Holder of the Bonds or, with respect to Repayment Obligations, of any Security Instrument Issuer or any Reserve Instrument Issuer, as appropriate, to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or to the Holders of Bonds or, with respect to Repayment Obligations, to Security Instrument Issuers or Reserve Instrument Issuers, as appropriate, may be exercised from

time to time and as often as shall be deemed expedient by the Trustee or the Holders of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers.

Section 9.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of Bonds or, with respect to Repayment Obligations, to Security Instrument Issuers or any Reserve Instrument Issuers, as appropriate, is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Trustee, the Holder of any one or more of the Bonds or, with respect to Repayment Obligations, by Security Instrument Issuers or Reserve Instrument Issuers, as appropriate. Nothing herein contained shall permit the levy of any attachment or execution upon any of the properties of the Issuer, nor shall any properties of the Issuer be subject to forfeiture by reason of any default hereunder, it being expressly understood and agreed by each and every Bondholder by the acceptance of any Bond and by each and every Security Instrument Issuer and Reserve Instrument Issuer by entering into Security Instrument Agreements and Reserve Instrument Agreements, that the rights of all such Bondholders, Security Instrument Issuers and Reserve Instrument Issuers are limited and restricted to the use and application of Revenues and other moneys, securities and Funds pledged under the Indenture in accordance with the terms of the Indenture.

ARTICLE X

DEPOSITS AND INVESTMENT OF FUNDS

Section 10.01. Deposits. (a) All moneys held by the Trustee under the provisions of the Indenture shall be deposited with the Trustee. All moneys held by the Issuer under the Indenture shall be deposited in one or more Fiduciaries in the name of the Issuer. All moneys deposited under the provisions of the Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds established by the Indenture shall be a trust fund for the purposes thereof.

(b) Each Fiduciary shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having capital stock, undivided profits and surplus aggregating at least \$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Indenture.

(c) All Revenues and other moneys held by any Fiduciary under the Indenture may be placed on demand or time deposit, if and as directed by the Issuer, *provided* that such deposits shall permit the moneys so held to be available for use at the time when needed. The Issuer and the Trustee shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to the Indenture, *provided*, that this shall not affect or impair the requirements of Section 5.06 hereof. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such

Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, *provided* that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(d) All moneys deposited with the Trustee and each Fiduciary shall be credited to the particular Fund or Account to which such moneys belong; *provided, however*, nothing herein contained shall prohibit the Issuer from directing the Trustee or a Fiduciary by a Written Request of the Issuer to make inter-Fund or Account transfers of investments at the market value of the investments so transferred, as such market value shall be determined by the Issuer at the time of transfer and set forth in the Written Request. The Trustee shall be entitled to rely on the determination set forth in the Written Request.

Section 10.02. Investment of Funds. (a) Moneys held in any Fund or Account shall be invested and reinvested by the Issuer or the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or Account, subject to the following:

(1) the Trustee shall make such investments only in accordance with written instructions received from an Authorized Officer of the Issuer;

(2) the Trustee will not invest any moneys held by it under the Indenture in any investment for which it would receive a fee, unless it first obtains the express, written approval of the Issuer;

(3) any Supplemental Indenture authorizing a Series of Bonds may impose additional restrictions on moneys held in any Fund or Account; and

(4) any Supplemental Indenture authorizing a Series of Bonds may authorize the investment of moneys to be held in the related Project Account, Series Subaccount in the Debt Service Account or Series Subaccount in the Debt Service Reserve Account in such other investments in lieu of or in addition to the Investment Securities as may be specified by the Supplemental Indenture.

(b) Subject to any required rebate of earnings on investments in any Fund or Account to the United States of America pursuant to Section 148(f) of the Code and except as otherwise provided in a Supplemental Indenture establishing a Project Account or a Series Subaccount: (1) net income earned on any moneys or investments in the Construction Fund, the Revenue Fund and in each Series Subaccount in the Debt Service Account shall be retained in such Fund or Series Subaccount as the case may be; and (2) whenever the amount on deposit in any Series Subaccount in the Debt Service Reserve Account is equal to the applicable Debt Service Reserve Requirement, net income earned on any moneys or investments in such Series Subaccount shall be transferred to the Revenue Fund as provided in Section 5.08(c), otherwise, to be retained therein.

ARTICLE XI

DEFEASANCE

Section 11.01. Discharge of Indebtedness. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Indenture with respect to a Series of Bonds, to the Holders of all Bonds and to the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture and if all Repayment Obligations owed to Security Instrument Issuers and Reserve Instrument Issuers shall have been paid in full, then the pledge of any Revenues, and other moneys, securities and Funds pledged under the Indenture and all covenants, agreements and other obligations of the Issuer to the Bondholders, Security Instrument Issuers and Reserve Instrument Issuers, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Issuer all moneys or securities held by them pursuant to the Indenture which are not required for the payment of Principal or Redemption Price, if applicable, on Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Issuer to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds. Subject to any further conditions in a Supplemental Indenture with respect to a Series of Bonds, all Outstanding Bonds of any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be (the sufficiency thereof to be verified by an independent accountant or financial advisor unless such amount is sufficient for such purpose exclusive of interest earnings on such amounts, or unless such verification requirement is waived by the Trustee), and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding ninety

90 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Holders of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 11.01(b) and stating such maturity or redemption date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, of and the interest due and to become due on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section 11.01(b) nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust solely and exclusively for, the payment of the Principal or Redemption Price, if applicable, of and interest on said Bonds; *provided* that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Trustee, free and clear of any trust, lien or pledge.

Section 11.02. Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four (4) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for four (4) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the Written Request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Limited Liability of Issuer. Notwithstanding anything in the Indenture contained, the Issuer shall not be required to advance any moneys derived from any source of income other than the Revenues and other moneys, securities and Funds pledged under the Indenture for the payment of the Principal or Redemption Price of or interest on the Bonds, for Repayment Obligations or for the operation and maintenance of the System. Nevertheless, the Issuer may, but shall not be required to, advance for any of the purposes hereof any funds of the Issuer which may be available to it for such purposes.

The Purchaser of the Bonds will be deemed to have acknowledged that neither the Issuer nor any of its council members, officers or employees shall take any personal liability for the Bonds. The Purchaser will be deemed to have acknowledged that no covenant or agreement contained in the Bonds or in the Supplemental Indenture or this Indenture shall be deemed to be

the covenant or agreement of any appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, agent, servant or employee of the Issuer in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Issuer, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.02. Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Issuer, the Trustee, any Paying Agent, any Transfer Agent, any Depository, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, and the Holders of the Bonds, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Trustee, the Paying Agents, any Transfer Agent, any Depository, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, and the Holders of the Bonds.

Section 12.03. Successor is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Issuer or the Trustee, any Transfer Agent, any Depository, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, or any Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Issuer, the Trustee, any Transfer Agent, any Depository, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, or any Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.04. Execution of Documents by Bondholders. (a) Any request, declaration or other instrument which the Indenture may require or permit to be executed by Bondholders may be in one or more instruments of similar tenor, and shall be executed by Bondholders in person or by their attorneys appointed in writing.

(b) Except as otherwise expressly provided, the fact and date of the execution by any Bondholder or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) The ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the Bond register.

(d) Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee in good faith and in accordance therewith or in reliance thereon.

Section 12.05. System of Registration. This Indenture shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended.

Section 12.06. Plan of Financing. This Indenture shall constitute a plan of financing within the meaning and for all purposes of Section 11-14-302(3), Utah Code Annotated 1953, as amended.

Section 12.07. Waiver of Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.08. Cremation or Destruction of Canceled Bonds. Whenever in the Indenture provision is made for the surrender to the Issuer of any Bonds which have been paid or canceled pursuant to the provisions of the Indenture, the Issuer may, by a Written Request of the Issuer, direct the Trustee to cremate or destroy such Bonds and furnish to the Issuer a certificate of such cremation or destruction.

Section 12.09. Governing Law. The Indenture shall be governed by and construed in accordance with the laws of the State.

Section 12.10. Article and Section Headings. All references herein to "Articles", "Sections" and other subdivisions are to the corresponding articles, sections or subdivisions of the Indenture, and the words "hereby," "herein," "hereof," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

Section 12.11. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in the Indenture to be performed shall be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the Indenture or the Bonds; but the Bondholders, any Security Instrument Issuer and any Reserve Instrument Issuer shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed by the Mayor and countersigned by the City Recorder, and its official seal to be hereunto affixed and attested by the City Recorder, and to evidence its acceptance of the trusts hereby created, Zions First National Bank, has caused this Indenture to be executed by one of its authorized Vice Presidents, and its official seal to be hereunto affixed and attested by its Trust Officer, all as of February 1, 2015.

CITY OF PROVO, UTAH

/s/ John Curtis
Mayor

ATTEST:

/s/ Janene Weiss
City Recorder

[SEAL]

ZIONS FIRST NATIONAL BANK

/s/ Carl Mathis
Vice President

ATTEST:

/s/ Linda Anderson
Trust Officer

[SEAL]

APPENDIX C

PROPOSED FORM OF

CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

_____, 2025

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by Provo City, Utah (the “*Issuer*”) in connection with the issuance of its \$ _____ Wastewater Revenue Bonds, Series 2025A (the “*Bonds*”). The Bonds are being issued pursuant to a Master Trust Indenture Providing for the Issuance of Wastewater Revenue Bonds, dated as of February 1, 2015, as previously supplemented, and as further supplemented by a Supplemental Indenture, dated as of January 1, 2025 (collectively, the “*Indenture*”). Capitalized terms used but not defined in this Agreement have the meanings assigned to such terms in the Indenture.

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Obligation means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Utah.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Number of the Bonds are as set forth on the cover page of the Final Official Statement (defined below). The Final Official Statement relating to the Bonds is dated _____, 2025 (the "*Final Official Statement*"). The Issuer will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA

filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the Issuer to provide the information as required by this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by Indenture or ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer (such as the Trustee or Bond Counsel), or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment or waiver.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

Dated the date first above written.

PROVO CITY, UTAH

By _____
Mayor

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means (i) financial information and operating data of the type contained in the Official Statement in the tables under the following captions:

THE WASTEWATER SYSTEM

- Connections
- Wastewater Rates (historical only)
- Largest System Customers
- System Financial Information

and (ii) debt service coverage information for the applicable fiscal year (*i.e.*, the City will prepare a table that includes, for the applicable year, Revenues, Operation and Maintenance Costs, Debt Service on bonds issued under the Indenture, and Debt Service coverage).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with Government Accounting Standards Board principals. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer or, if later, by the date prescribed in the immediately preceding paragraph.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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(1) The City has the power under the Act to issue the Series 2025A Bonds and to enter into the Indenture. A resolution with respect to the Series 2025A Bonds was duly and lawfully adopted by the Municipal Council of the City on November 19, 2024 (the “*Resolution*”), and the Indenture has been duly and lawfully executed and delivered by the City. The Indenture is in full force and effect and is valid and binding upon the City and enforceable in accordance with its terms (subject to the limitations set forth below), and no authorization for the Indenture, other than the Resolution, is required.

(2) The Series 2025A Bonds are valid and binding special obligations of the City, enforceable in accordance with their terms and the terms of the Indenture (subject to the limitations set forth below), and are entitled to the benefits of the Indenture and the Act. The Series 2025A Bonds have been duly and validly authorized and issued in accordance with law and the Indenture.

(3) The Indenture grants a valid lien on and pledge of the Revenues derived by the City from the operation and ownership of the System to the holders of the Series 2025A Bonds and to the holders of any obligations issued on a parity therewith, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

(4) Subject to the City’s compliance with certain covenants, under present law, interest on the Series 2025A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the “*Code*”). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Series 2025A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2025A Bonds. Ownership of the Series 2025A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds.

(5) Under the laws of the State of Utah, as presently enacted and construed, interest on the Series 2025A Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. We express no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2025A Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2025A Bonds.

Enforceability of the Indenture and the Series 2025A Bonds may be limited (a) by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors’ rights generally or usual equity principles in the event equitable remedies should be sought, and (b) by the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State of Utah and to the exercise by the United States of America of the power delegated to it by the federal constitution, to the extent that the

obligations of the City under the Indenture and the Series 2025A Bonds are subject to the exercise of such powers.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts solely within the knowledge of the City. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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