



# POPULAR ANNUAL FINANCIAL REPORT



City of Provo, Utah

FISCAL YEAR ENDED  
June 30, 2022



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# TO THE CITIZENS OF PROVO

**W**e are proud to present the City of Provo's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. This report gives readers a summary of the City's financial standing. The purpose of the PAFR is to illustrate the City's financial information in a clear, concise manner giving all readers, both financial and non-financial, the understanding of where revenue comes from and where dollars are being spent. Most importantly, it is essential that our citizens understand the key services that the City provides to make Provo a safer and more enjoyable place in which to work, live, and play.

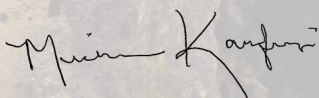
The PAFR summarizes the financial activities of the City and is drawn from a more detailed report called the **Annual Comprehensive Financial Report**. This annual report includes financial statements that were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by HBME, LLC, an independent auditing firm. The 2022 annual report has received an unmodified (clean) opinion. The numbers contained within the annual report were acquired by applying the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

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

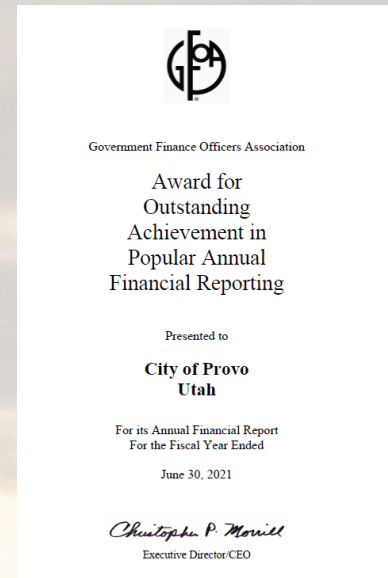
Provo has received the Government Finance Officer Association award for last year's PAFR which indicates the City's commitment to providing a report to residents that is easy to understand and gives an overview of the City's finances. As a municipality, we want to continue to be transparent with and accountable for the City's financial information. We anticipate that after reading this year's PAFR, community members will be reassured that public dollars are being used to build a better, safer, and stronger Provo. With the help of all departments, the City, in 2022, has accomplished many goals set within the General Plan and Master Plan documents. All of these positive achievements have helped to increase growth and success in our City. We look forward to the future of Provo.

We are honored to serve Provo citizens and hope you enjoy reviewing the 2022 PAFR. We welcome any input, questions, and comments you may have regarding this report. You may contact the Finance Division at 801-852-6505.

Sincerely,



Michelle Kaufusi



GFOA Outstanding Achievement Award  
for the 2021 PAFR

TO VIEW BOTH THE  
CITY'S FULL ANNUAL  
**COMPREHENSIVE  
FINANCIAL REPORT AND  
POPULAR ANNUAL  
FINANCIAL REPORT,**  
PLEASE VISIT: [https://  
www.provo.org/departments/  
finance/financial-reports](https://www.provo.org/departments/finance/financial-reports)

COVER PHOTO: Provo Airport

# PROVO AT A GLANCE

The City of Provo was incorporated in 1851 and is located in a metropolitan area in Utah County that has a dynamic and diverse economy. The City has received numerous awards as one of the finest cities in the United States in which to live and do business.

The City has a diverse manufacturing and industrial base. Major industries include retail business, light manufacturing, software development, and a university community. This diversity stabilizes the unemployment rate and offers a broad range of employment opportunities.

Provo's economy continues to outperform the national economy, with Provo's unemployment rate averaging 1.96% for the fiscal year compared to the United States average unemployment rate of 4.18%. The City closely monitors the current economic environment and plans and budgets for the future accordingly. You can view the City's budget at <https://www.provo.org/departments/finance/financial-reports>.



## TOP TEN EMPLOYERS

1. Brigham Young University
2. Utah Valley Regional Medical Center
3. Vivint, Inc.
4. Revere Health (Central Utah Medical Clinic)
5. Chrysalis Utah, Inc.
6. Qualtrics, LLC
7. A&A Staffing Solutions
8. Nu Skin International
9. RBD Acquisitions Sub
10. Utah State Hospital



# PROVO AT A GLANCE (continued)

## Significant Events

**New City Hall** - Commenced moving into the new City Hall in June 2022.

**New Airport Terminal** - Held open houses and grand opening for new airport passenger terminal in May 2022. Provo Municipal Airport (PVU) is Utah's second busiest airport. Commercial service is provided through our partners Breeze airways and Allegiant Air.

**My Hometown Initiative** - Provo City, our residents, local churches, non-profit organizations, and corporations partnered to build and implement the pilot program providing support, improvement and growth to our community.

**Changes in the organization** - Consolidated Community & Neighborhood Services and Development Services Department and appointed director. Appointed new City Engineer.

**Wastewater Treatment Plant:** Demolition and reconstruction continues on Phase One. Construction is anticipated to be complete mid-2024 with testing and adjustments finishing up before 2025.

## Top Rankings

**#1 Best Performing City** (Milken Institute; March 2022)

**#2 Hottest Job Market in America** (The Wall Street Journal, April 2022)

**#2 Safest Big City in the U.S.** (August 2021; SafeWise)

**#3 Most Affordable City to Live and Work** (GoodHire; February 2022)

**#4 U.S. City with the Best Job Market** (GoodHire; February 2022)

**#5 Most Dynamic Metropolitan** (Heartland Forward; April 2022)

**Provo is one of the Best Places to Live and Retire Now** (November 2021, AARP)



# ELECTED OFFICIALS

## MAYOR & CITY COUNCIL



Left to right: William Fillmore, Rachel Whipple, George Handley (Chair), Mayor Michelle Kaufusi  
Travis Hoban, Shannon Ellsworth, David Shipley, Katrice Mackay (Vice-Chair)

### **CITY ADMINISTRATION (801) 852-6000**

Chief Deputy Mayor .....	Isaac Paxman
Chief Administrative Officer .....	Wayne Parker
Assistant City Administrative Officer .....	Dixon Holmes
Administrative Services.....	John Borget
City Attorney .....	Brian Jones
Customer Service .....	Amanda Ercanbrack
Development Services .....	Bill Peperone
Energy .....	Travis Ball
Fire Chief .....	James Miguel
Library Services .....	Carla Gordon*
Parks and Recreation .....	Scott Henderson
Police Chief.....	Troy Beebe*
Public Works.....	David Decker

### **COUNCIL ADMINISTRATION (801) 852-8200**

Council Executive Director.....	Justin Harrison*
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\*Appointed in Fiscal Year 2023

# KEY CITY SERVICES

The following includes brief highlights of major departments and services within Provo City. Please refer to the Provo City website at [provo.org](http://provo.org) for any additional information about departments or services described.

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

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

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

**Customer Service**—The Customer Service Department provides residents with a way to report issues and acquire information from the City. The department also provides other services such as issuing passports and accepting utility payments.

**Development Services**—is responsible for regulating land development that takes place within the City. Short Term Planning balances socio-economic forces, natural resources, and public input to promote sound and orderly development in Provo. This department is also responsible for regulating land development that takes place within the City. Long Range Planning, Zoning, Housing, Parking Enforcement, Licensing, and Property Management work together to provide the City with an aesthetically pleasing, clean, and safe environment.

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

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

**Library**—The Provo City Library provides the community with a center for information, instruction, learning, leisure, and cultural opportunities. The Library has over 215 thousand items in adult and children’s circulation, along with access to thousands of online eBooks and audiobooks.

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

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

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

# STATEMENT OF NET POSITION

The City's governmental activities increased \$57.5 million in total net position, which represents a 14.19% increase from the prior year's net position. The City's business-type activities increased \$31.9 million in total net position, which represents a 8.68% increase from the prior year's net position. A major contributor to the increase in net position for both governmental activities and business-type activities is operating grants, capital grants, and other contributions.

The City, as a whole, increased total net position by \$89.4 million, which is a 11.57% increase from the prior year.

The full Statement of Net Position can be located in our Annual Comprehensive Financial Report, located at <https://www.provo.org/departments/finance/financial-reports>.

## STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 190,006,514	\$ 188,122,966	\$ 65,691,894	\$ 87,516,330	\$ 255,698,408	\$ 275,639,296
Capital assets, net	436,743,669	392,917,618	433,928,277	359,427,624	870,671,946	752,345,242
Other non-current assets	23,981,166	28,639,257	19,623,076	14,140,716	43,604,242	42,779,973
<b>Total Assets</b>	<b>650,731,349</b>	<b>609,679,841</b>	<b>519,243,247</b>	<b>461,084,670</b>	<b>1,169,974,596</b>	<b>1,070,764,511</b>
<b>Deferred Outflows of Resources</b>	<b>10,520,721</b>	<b>9,221,356</b>	<b>1,852,118</b>	<b>1,568,979</b>	<b>12,372,839</b>	<b>10,790,335</b>
Current liabilities	30,650,049	39,134,623	22,561,964	24,871,637	53,212,013	64,006,260
Non-current liabilities	122,968,267	127,266,849	93,398,312	67,449,251	216,366,579	194,716,100
<b>Total Liabilities</b>	<b>153,618,316</b>	<b>166,401,472</b>	<b>115,960,276</b>	<b>92,320,888</b>	<b>269,578,592</b>	<b>258,722,360</b>
<b>Deferred Inflows of Resources</b>	<b>44,999,784</b>	<b>30,404,327</b>	<b>5,778,656</b>	<b>2,859,190</b>	<b>50,778,440</b>	<b>26,370,381</b>
Net Position						
Net investment in capital assets	315,125,037	307,163,818	321,576,887	292,257,186	636,701,924	599,421,004
Restricted	45,507,278	15,418,477	4,306,308	12,895,977	49,813,586	28,314,454
Unrestricted	102,001,655	82,572,754	73,473,238	62,320,348	175,474,893	144,893,102
<b>Total net position</b>	<b>\$ 462,633,970</b>	<b>\$ 405,155,049</b>	<b>\$ 399,356,433</b>	<b>\$ 367,473,511</b>	<b>\$ 861,990,403</b>	<b>\$ 772,628,560</b>

**Unrestricted net position** represents the available funds the City has at a point in time to pay for emergencies, shortfalls, or other unexpected needs in both the Governmental and Business-Type Activities. Unrestricted net position allows management to track the City's financial position over time. The City's unrestricted net position increased during fiscal year 2022.

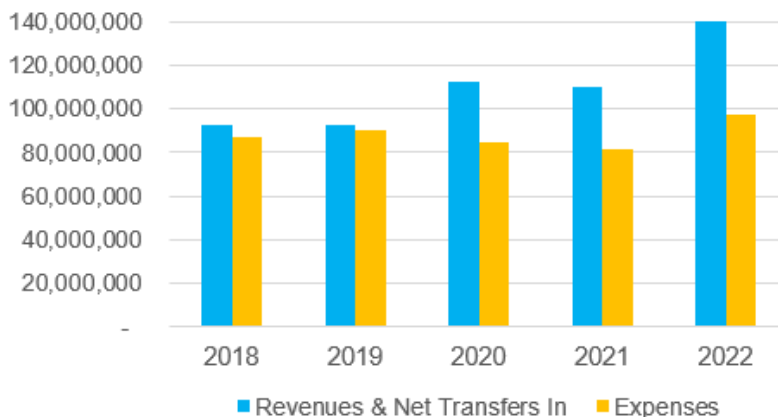


# STATEMENT OF ACTIVITIES

## FUNCTIONS OF GOVERNMENTAL ACTIVITIES

- General Government
- Public Safety
- Public Services
- Culture and Recreation
- Community Revitalization
- Interest on Long-Term Debt

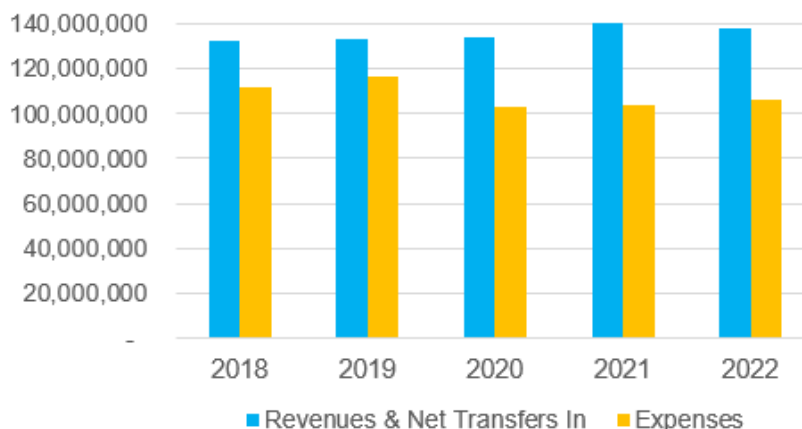
## GOVERNMENTAL ACTIVITIES Revenues and Expenses



## FUNCTIONS OF BUSINESS-TYPE ACTIVITIES

- Golf Course
- Water
- Wastewater
- Energy
- Airport
- Utility Transportation
- Sanitation
- Storm Drain

## BUSINESS-TYPE ACTIVITIES Revenues and Expenses



As shown in the graphs above, both the Governmental and Business-type activities show trends of steady or increasing revenues. Expenditures have been consistently lower than revenues for both Governmental and Business-type activities.

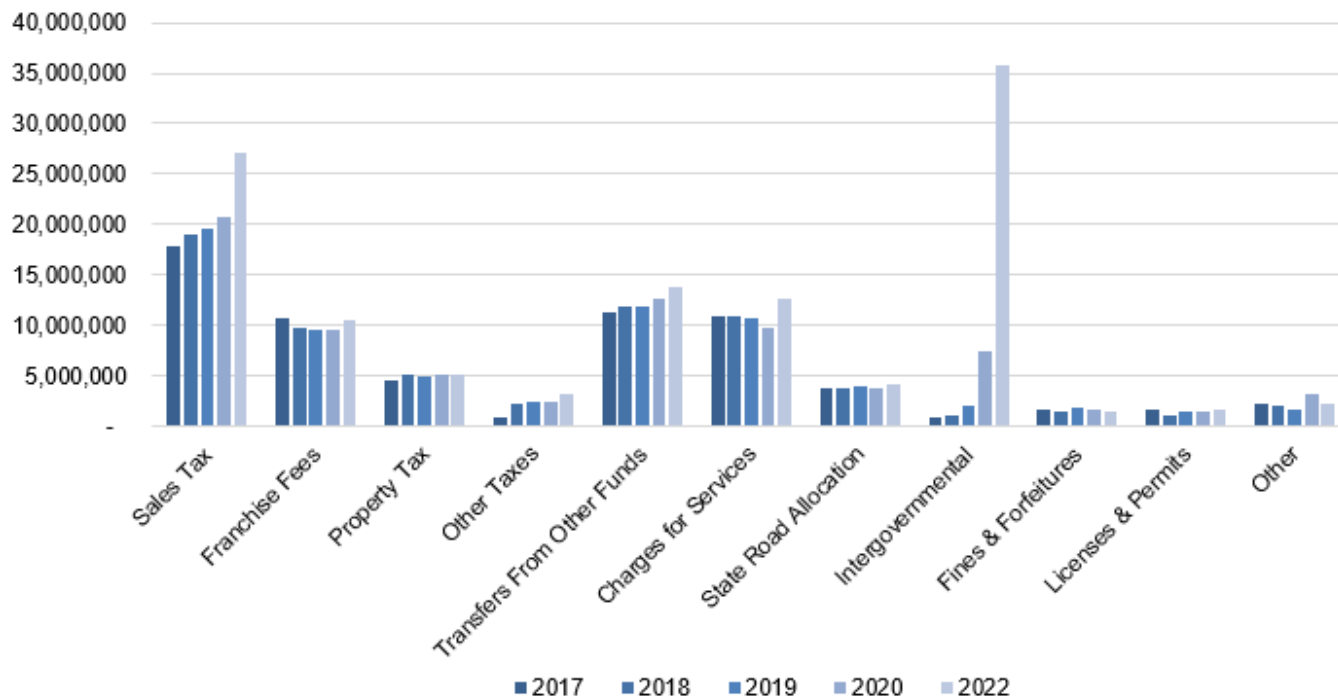
The graph for governmental activities includes net transfers-in with revenues since 10% of certain business-type revenues (i.e., energy, storm drain, water, sanitation, and wastewater revenues) are transferred to the general fund to support governmental activities. In addition, 1% of these same revenues is transferred out of business-type activities for road maintenance. Consequently, because of the transfers, the graph for business-type activities includes net transfers out with expenses.

The full, disclosed Statement of Activities can be located in our Annual Comprehensive Financial Report located at <https://www.provo.org/departments/finance/financial-reports>.

# GENERAL FUND REVENUES

The General Fund is the general operating fund of the City. By law, the City may only have one general fund. Below is a five-year comparison of the General Fund total revenues and transfers in.

**GENERAL FUND:  
TOTAL REVENUES & TRANSFERS IN**

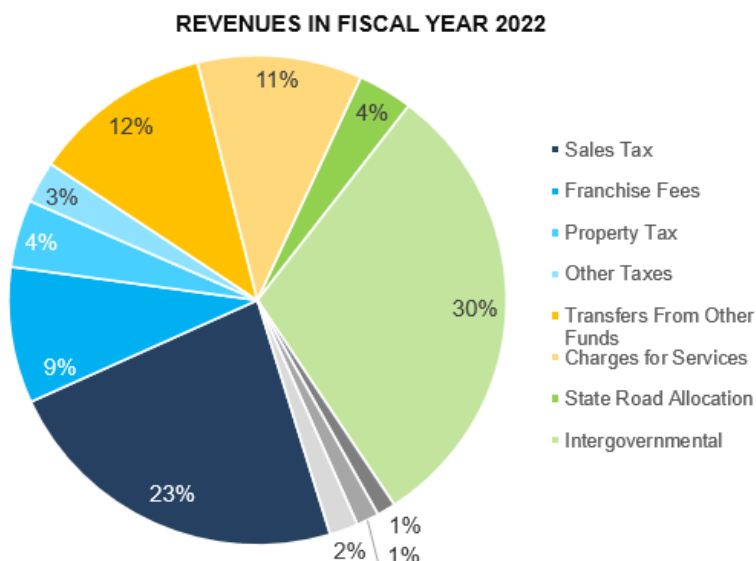


As shown above, **sales tax continues to have substantial increase** — a good indicator that Provo and the State of Utah’s economy continues to grow. The Intergovernmental revenue was abnormally high in FY22 due to the federal ARPA funding (COVID-19 relief) the City received.

The largest source of revenue for the General Fund was Intergovernmental (30%), followed by Sales Tax (23%) and Transfers From Other Funds (12%).

Intergovernmental revenue comes from grants obtained through the County, State, or federal government.

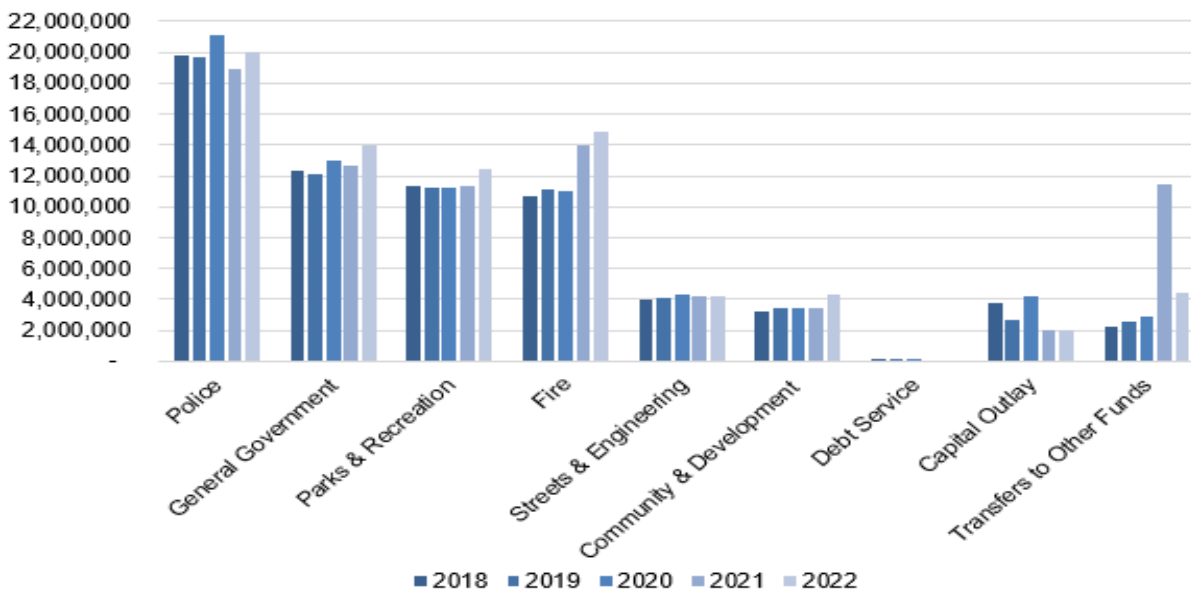
Charges for Services includes fees charged by various City departments, such as Parks & Recreation fees.



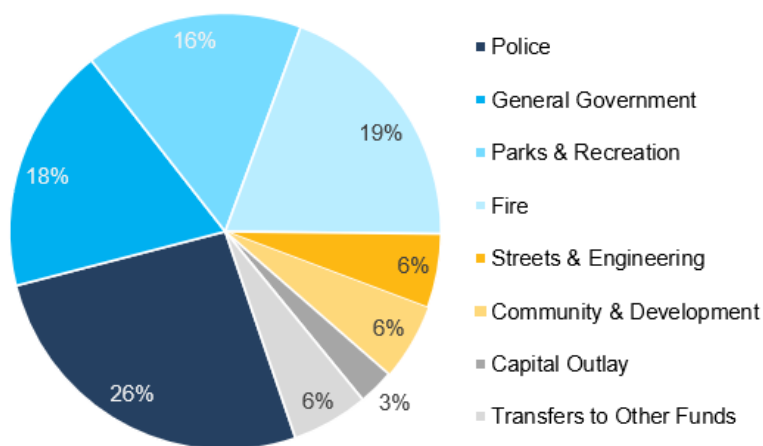
# GENERAL FUND EXPENSES

Below is a five-year comparison of general fund expenditures and transfers out. Back in FY21, Fire's expenses increased and Police decreased because the Emergency Response expenses were moved from the Police Department to the Fire Department. Also in FY21, Transfers to Other Funds was higher because savings from the CARES Act federal funding (COVID-19 relief) was transferred to a new fund called the Legacy CIP Fund. In FY22, most departments had higher expenses due to nationwide inflation trends.

**GENERAL FUND:  
TOTAL EXPENSES & TRANSFERS OUT**



**EXPENSES IN FISCAL YEAR 2022**



The general fund's largest expenses continued to come from the Police Department (26%), followed by the Fire department (19%), which includes Dispatch. The next largest spending area was General Government category (18%), which is comprised of the Mayor's Office, City Council, Finance, Human Resources, Justice Court, and Legal functions. Parks & Recreation accounted for 16% of expenses.

In most categories, personnel costs made up the largest portion of expenses.

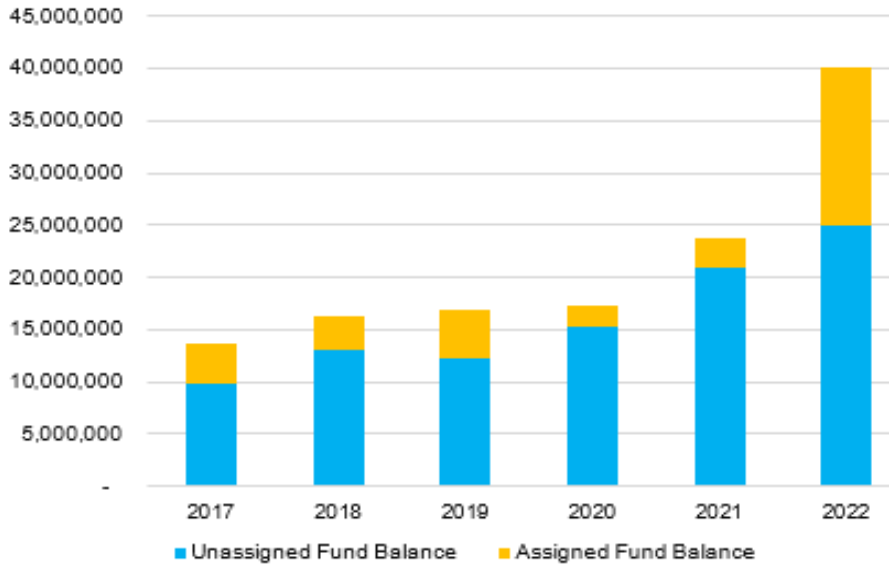
**# of EMPLOYEES WORKING UNDER THE GENERAL FUND**  
Employees = Full-time Equivalents (FTE's)

Police.....	157	General Government.....	152	Parks & Rec.....	195
Fire.....	85	Streets & Engineering.....	36	Dispatch.....	28

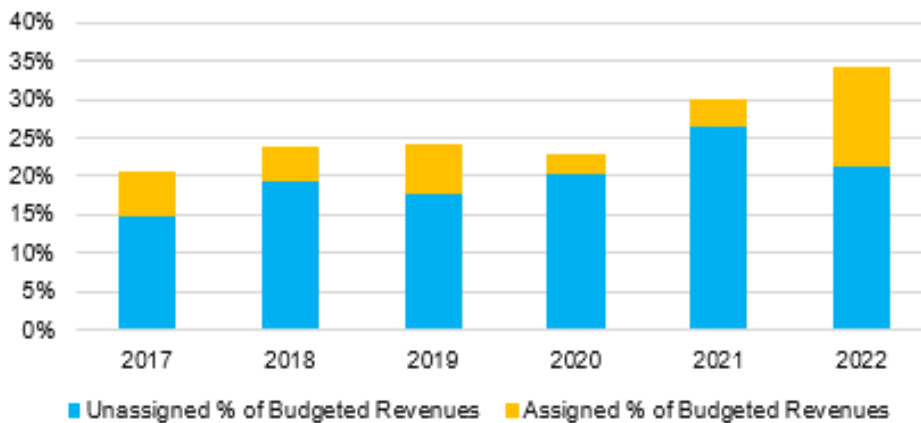


# GENERAL FUND: FUND BALANCE

**GENERAL FUND  
FUND BALANCE: ASSIGNED & UNASSIGNED**



**RATIO of ASSIGNED & UNASSIGNED FUND  
BALANCE to REVENUES & TRANSFERS**



**FUND BALANCE** is the difference between the General Fund's assets and liabilities. It is the net worth of the City.

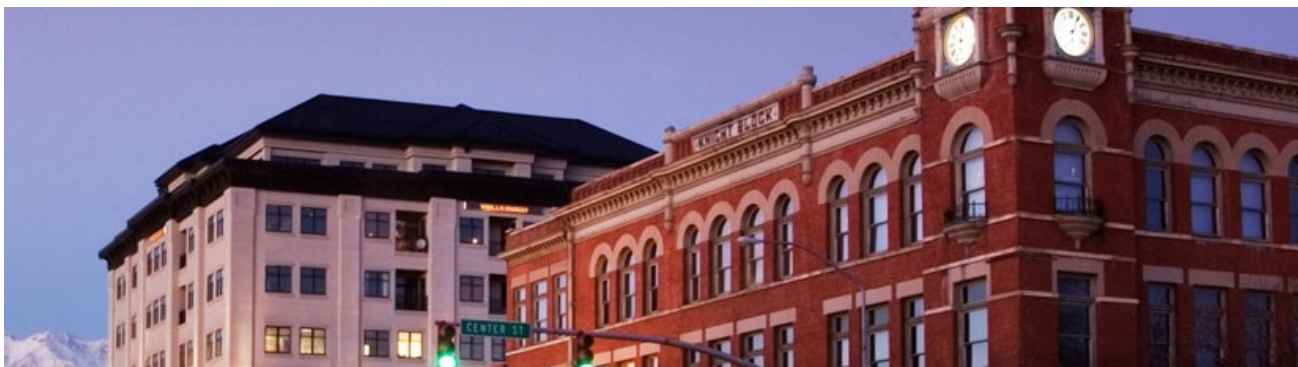
**Assigned fund balance** shows how much money has been set aside for specific purposes.

**Unassigned fund balance** is an indication of the amount of available resources the City has at a point in time to fund emergencies, shortfalls, or other unexpected needs.

The ratio depicted in the bottom left graph is determined by dividing the amount of assigned & unassigned fund balance by the general fund revenue and subsidy transfers.

The Municipal Council has established a goal to have assigned & unassigned general fund balance between 20%-35%.

In fiscal year 2022, assigned and unassigned fund balance increased by \$16,430,477 or 69%. This large increase in assigned fund balance primarily came from federal ARPA funding (COVID-19 relief). In addition, a sizable portion of the General Fund's vehicle replacement budget from FY22 had to be carried over to FY23 due to vehicle shortages and order delays.



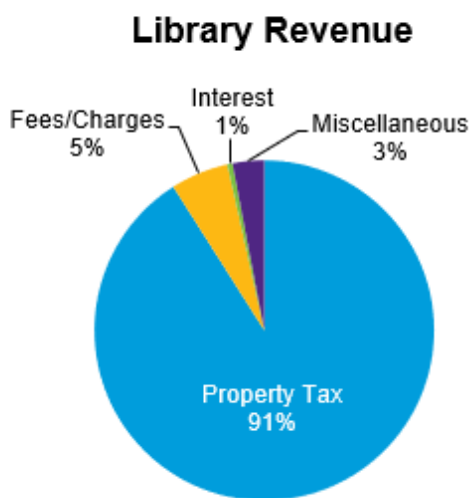
# LIBRARY FUND



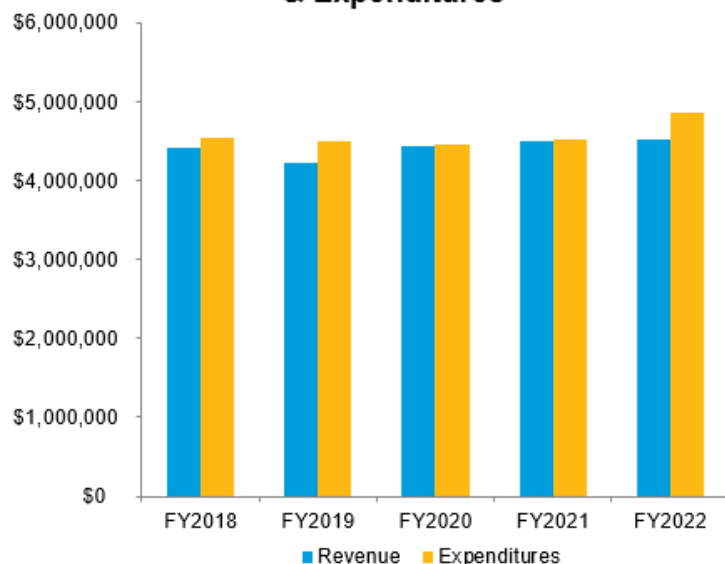
The Provo Library was founded over 100 years ago with the goal of being a community center for information, instruction, leisure, and cultural opportunities.

In the past year, the Library checked out over 1.7 million items, which includes formats such as downloadable eBooks and audiobooks. During fiscal year 2022, 55,384 people attended 1,199 programs held for children, teens, and adults.

The Library Fund is the largest single **special revenue fund** within Provo City. The Provo City Library is funded primarily by property tax dollars.



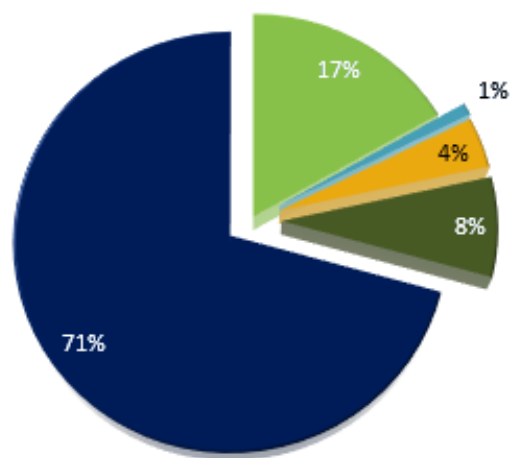
### Library Fund Revenues & Expenditures



**THERE ARE 22 FULL TIME EMPLOYEES WORKING UNDER THE LIBRARY FUND**  
 Employees = Full-time Equivalents (FTE's)

# PROPERTY TAX SUMMARY

The City of Provo receives a portion of the property taxes collected on taxable real property located within the City. These tax dollars support public safety services such as those provided by police and fire departments, as well as many other critical government functions.



Property Tax Burden for \$300,000 Market Value Property	
<b>Provo :</b>	
Debt Service Fund	\$ 130.52
General Fund	88.94
Library Fund	62.70
<b>Total</b>	<b>\$ 282.16</b>
State Charter Schools	15.84
Central Utah Water	66.00
Utah County	129.86
School District	1,192.46
<b>Total Tax Burden for the taxable value of a \$300,000 Home.</b>	<b>\$ 1,686.32</b>

Between its three funds, Provo City received 17% of the overall property tax burden.

The majority of the property taxes paid by Provo City residents are allocated to the Provo School

## PROVO CITY'S TOP TEN PROPERTY TAX PAYERS

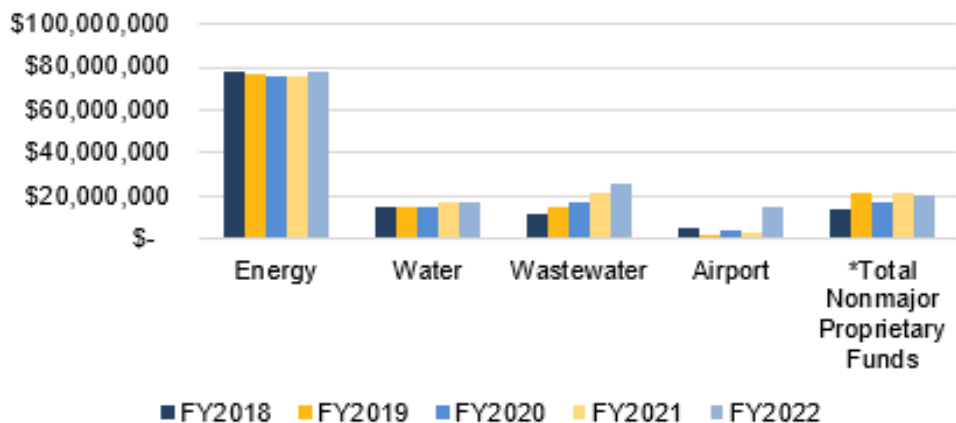
*Amounts expressed in thousands*

Tax Payer	Type of Business	2022 Assessed Valuations	% Total of Valuation
Nu Skin International Inc	Retail	\$ 125,385	1.72%
SIR Properties Trust (Microfocus)	Technology	120,313	1.65%
IHC Hospitals Inc	Health Care	96,499	1.32%
B+ F Timpanogos Tech Center LLC	Technology	81,638	1.12%
Central Utah Investment	Investments	49,653	0.68%
Duncan Aviation	Transportation	48,426	0.66%
Qualtrics	Technology	47,803	0.65%
Union Pacific Railroad Company	Transportation	45,372	0.62%
Questar Gas	Utilities	42,838	0.59%
Brixton Provo Mall LLC	Retail	33,402	0.46%
	Subtotal	691,329	9.47%
	All Others	6,608,523	90.53%
		<b>\$ 7,299,852</b>	<b>100.00%</b>



# ENTERPRISE FUNDS

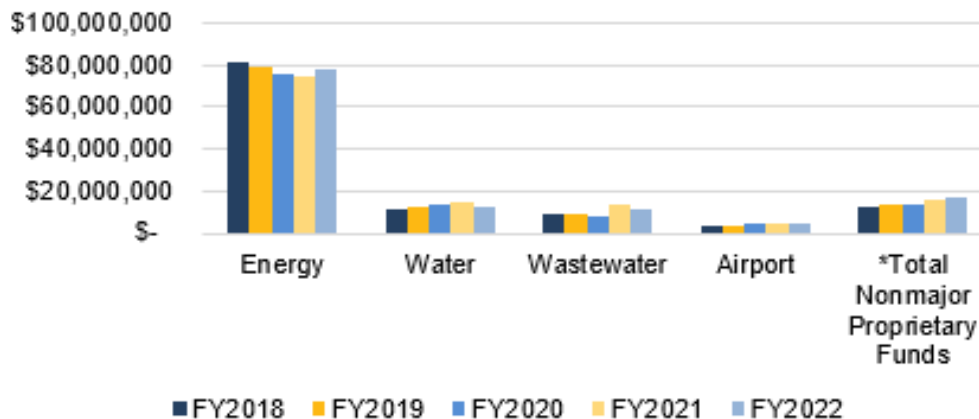
## ENTERPRISE FUNDS: REVENUES & TRANSFERS IN 5-Year Comparison



**Enterprise funds** are used to account for City operations that are financed and operated in a manner **similar to private businesses**. Revenues and expenses related to utilities including Provo Power (energy), water, wastewater, and sanitation (garbage, recycling, and green waste) are accounted for in enterprise funds.

\*Readers interested in more details should read the Annual Comprehensive Financial Report available at <https://www.provo.org/departments/finance/financial-reports>.

## ENTERPRISE FUNDS: EXPENSES & TRANSFERS OUT 5-Year Comparison



## # of EMPLOYEES WORKING UNDER ENTERPRISE FUNDS

Employees = Full-time Equivalents (FTE's)

Energy.....68	Water.....39	Wastewater.....34	Airport.....6
Sanitation.....21	Golf.....15		

# DEBT SUMMARY (CITYWIDE)

Provo City has employed a variety of financing techniques for capital improvements, as described below:

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

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

**Leases:** The City uses leases to purchase vehicles and equipment.

At the end of fiscal year 2022, the City had \$207 million in long-term debt outstanding which represents a 7.49% increase from the prior year .

Debt Activity (in \$000s)	Balance at 6/30/2021	Net Debt Added (Issued)	Net Debt Repaid (Retired)	Balance at 6/30/2022
Compensated Absences	9,915	2,614	(2,975)	9,554
Leases	5,030	455	(1,469)	4,016
Notes Payable	13,285	-	(1,162)	12,123
General Obligation Bonds:	94,399	-	(4,788)	89,611
General Revenue Bonds	15,420	-	(2,563)	12,857
Energy Revenue Bonds	15,514	-	(865)	14,649
Water Revenue Bonds	9,295	-	(532)	8,763
Wastewater Revenue Bonds	22,702	27,136	(441)	49,397
Stormwater Revenue Bonds	2,067	-	(665)	1,402
Airport Sales Tax Revenue Bonds	5,000	-	(319)	4,681
<b>Total:</b>	<b>\$ 192,627</b>	<b>\$ 30,205</b>	<b>\$ (15,779)</b>	<b>\$ 207,053</b>

Historical Debt (in \$000s)	2018	2019	2020	2021	2022
General Obligation Bonds	\$ 35,411	\$ 103,961	\$ 99,237	\$ 94,399	\$ 89,611
General Revenue Bonds	23,568	20,156	17,850	15,420	12,857
Utility Revenue Bonds	41,648	39,381	37,042	49,578	74,211
Sales Tax Revenue Bonds	5,507	5,473	5,309	5,000	4,681
Leases	5,797	7,274	5,958	5,030	4,016
Notes Payable	-	1,150	8,370	13,285	12,123
Compensated Absences	8,850	8,897	9,474	9,915	9,554
<b>Total:</b>	<b>\$ 120,781</b>	<b>\$ 186,292</b>	<b>\$ 183,240</b>	<b>\$ 192,627</b>	<b>\$ 207,053</b>

# DEBT SUMMARY (CONTINUED)

**Bond Ratings:** Similar to how individuals have credit scores, municipalities receive bond ratings from three agencies. The three agencies are S&P Global, Fitch Ratings, and Moody's Investors Service. The table below shows Provo City's bond ratings from one or more of these agencies for individual revenue and general obligation bonds that comprise the City's debt. The ratings below are as of January 2023, when this report was published.

Bond Ratings			
Bond	Rating Agency		
	S&P	Fitch	Moody's
Energy Systems Revenue bonds Series 2015A	AA	AA-	
WasteWater Revenue Bond Series 2015A	AA	AA	
Water Revenue Bonds Series 2015A	AA	AA-	
General Obligation Series 2011	AA+		
General Obligation Refunding Bonds Series 2017	AA+		Aa1
General Obligation Bonds Series 2019	AA+		Aa1
Sales Tax Revenue Bonds 2004	AAA		Baa2
Sales Tax Revenue Bonds Series 2017	AAA		
Stormwater Revenue Bonds Series 2010B			Aa3







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