Date: February 26, 2019

Via electronic submission to www.EMMA.MSRB.org

Attn: Municipal Disclosure

Re: Continuing Disclosure Undertaking of The Utah Infrastructure Agency

To Whom It May Concern:

In accordance with the provisions of paragraph (b) (5) (i) (A) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Utah Infrastructure Agency (the "Agency") (sometimes referred to herein as the "Issuer"), hereby files with you the enclosed (i) the Audited Financial Statements of the Agency for the Fiscal Year Ended June 30, 2018 (the "AFS"); and (ii) the Supplemental Continuing Disclosure Memorandum of the Agency dated February 25, 2019 (the "SCDM"). This letter, the CAFR, and the SCDM constitute the annual financial information and operating data concerning the Agency to be filed in compliance with the Issuer's obligation under certain agreements entered into in connection with the offering of the following securities described in the following Official Statements:

Securities	Official Statement
CUSIP: 917467 AB8; AC6; AD4; AE2; AF9; AG7; AH5; AJ1	$73,905,000, Utah Infrastructure Agency, Tax–Exempt Telecommunications Revenue and Refunding Bonds, Series 2017A Dated December 20, 2017

UTOPIA Fiber
5858 S 900 E | Murray, UT | 84121
(801) 613-3880
www.utopiafiber.com

CUSIP: 917467	$3,500,000, Utah Infrastructure Agency, Taxable
AK8	Telecommunications Revenue Refunding Bonds, Series 2017B
	Dated December 20, 2017

CUSIP: 917467	$21,810,000, Utah Infrastructure Agency, Tax–Exempt
AL6; AM4; AN2; AP7; AQ5; AR3; AS1; AT9; AU6	Telecommunications Revenue Bonds, Series 2018A
	Dated July 11, 2018

CUSIP: 917462	$22,285,000, Utah Infrastructure Agency, Layton City, Utah
AA1; AB9; AC7; AD5; AE3; AF0; AG8; AH6; AJ2;	Telecommunications and Franchise Tax Revenue Bonds, Series 2018
AK9; AL7; AM5; AN3; AP8; AQ6; AR4; AS2	Dated August 15, 2018

Other than the failure to file notice filed on EMMA on February 11, 2019, no other event described in paragraph (b) (5) (i) (c) of the Rule has occurred that is required to be disclosed with respect to any of the above-described securities.

Sincerely,

Utah Infrastructure Agency

Laurie Harvey

Laurie Harvey, Chief Financial Officer

c: Zions Public Finance, Inc., Salt Lake City, Utah

Supplemental

Continuing Disclosure Memorandum

Summary of Debt Structure and Financial Information
SEC Rule 15c2–12

For

Utah Infrastructure Agency

Filed with
Electronic Municipal Market Access (EMMA)
http://www.emma.msrb.org

Submitted and dated as of February 26, 2019

(Annual submission required on or before January 26, 2019)

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NOTICE OF FAILURE TO DISCLOSE CERTAIN OPERATING INFORMATION

Utah Infrastructure Agency (the "Agency") reports that during the past five years there were instances where it was not in compliance with previous continuing disclosure undertakings it had entered into pursuant to paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Although the Agency timely filed its audited financial statements and certain operating information in connection with previously executed undertakings, it failed in certain years to timely file certain annual financial and operating information required to be disclosed by such undertakings. The missing annual financial and operating information is included herewith.

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SUPPLEMENTAL CONTINUING DISCLOSURE MEMORANDUM

Description of the Agency

The Agency is a political subdivision of the State of Utah, and was created in 2010 pursuant to the Utah Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Interlocal Cooperation Act") and the Second Amended Restated Interlocal Cooperative Agreement of the Utah Infrastructure Agency originally dated as June 7, 2010, and amended and restated as of November 1, 2010 (the "Interlocal Agreement") among Brigham City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, City of Orem, Payson City, and West Valley City (each a "Member" and collectively, the "Members"). Except for Payson City, all the Members are contracting members. Pursuant to the Interlocal Cooperation Act and the Interlocal Agreement, the Members organized the Agency to provide for the acquisition, construction, and installation of advance communication lines together with related improvements and facilities (the "UIA Network") for connecting properties within the Members to the UIA Network, all of which will directly or indirectly benefit each of the Members.

The UIA Network is a fiber optic network enabling high-speed broadband services, such as voice, video, and data access. The operations of the UIA Network are dependent on its connection to, and the continued operations of, the fiber optic network (the "UTOPIA Network") of the Utah Telecommunication Open Infrastructure Agency ("UTOPIA"), as the UTOPIA Network provides critical infrastructure necessary for the operations of the UIA Network.

The Agency and UTOPIA's main administration building is in Murray City, Utah and maintains a website at https://www.utopiafiber.com/. *The information available at this website is provided by the Agency and UTOPIA and has not been reviewed for accuracy or completeness. Such information is not a part of this Supplemental Continuing Disclosure Memorandum.*

When used herein the terms "Fiscal Year[s] 20YY" or "Fiscal Year[s] End[ed][ing] June 30, 20YY" shall refer to the year beginning on July 1 and ending on June 30 of the year indicated. When used herein the terms "Calendar Year[s] 20YY"; "Calendar Year[s] End[ed][ing] December 31, 20YY" shall refer to the year beginning on January 1 and ending on December 31 of the year indicated.

Contact Person For The Agency

As of the date of this Supplemental Continuing Disclosure Memorandum, the chief contact person for the Agency concerning this SUPPLEMENTAL CONTINUING DISCLOSURE MEMORANDUM is:

Laurie Harvey, Chief Financial Officer
lharvey@utopiafiber.com
Utopia Fiber
5858 S 900 E
Murray UT 84121
801.613.3859

The Issues

The Agency is providing continuing disclosure on telecommunication revenue bonds and Layton City, Utah telecommunication revenue bonds.

Telecommunications Revenue Bonds (CUSIP®917467)

See "DISCLOSURE SPECIFIC TO TELECOMMUNICATION REVENUE BONDS (CUSIP®917467)" (page 4).

Layton City, Utah Telecommunications Revenue Bonds (CUSIP®917462)

See "DISCLOSURE SPECIFIC TO LAYTON CITY, UTAH TELECOMMUNICATION AND FRANCHISE TAX REVENUE BONDS (CUSIP®917462)" (page 15).

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DISCLOSURE SPECIFIC TO TELECOMMUNICATIONS REVENUE BONDS (CUSIP®917467)

The Agency is providing disclosure on the following telecommunication revenue bonds.

1.

$73,905,000
Utah Infrastructure Agency
Tax–Exempt Telecommunications Revenue and Refunding Bonds, Series 2017A

Bonds dated and issued on: December 20, 2017
CUSIP® numbers on the bonds are provided below.

Background Information. The $73,905,000, Tax–Exempt Telecommunications Revenue and Refunding Bonds, Series 2017A, dated December 20, 2017 (the "2017A Bonds") were awarded pursuant to a negotiated sale on December 13, 2017 to KeyBanc Capital Markets, Chicago, Illinois. Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

The 2017A Bonds were issued by the Agency, as fully–registered bonds in book–entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC is currently acting as securities depository for the 2017A Bonds. Principal of and interest on the 2017A Bonds (interest payable April 15 and October 15 of each year) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah ("Zions Bancorporation"), as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2017A Bonds maturing on or after October 15, 2029, are subject to redemption at the option of the Agency on October 15, 2027, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Agency, at a redemption price equal to 100% of the principal amount of the 2017A Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: $71,760,000 Original issue amount: $73,905,000

Dated: December 20, 2017 Due: October 15, as shown below

Due October 15	CUSIP® 917467	Principal Amount	Original Interest Rate
2019………	AB8	$1,625,000	2.00%
2020………	AC6	1,660,000	3.00

$10,380,000 5.00% Term Bond due October 15, 2025 (CUSIP®917467 AD4)
$11,610,000 5.00% Term Bond due October 15, 2029 (CUSIP®917467 AE2)
$10,315,000 5.00% Term Bond due October 15, 2032 (CUSIP®917467 AF9)
$7,765,000 5.00% Term Bond due October 15, 2034 (CUSIP®917467 AG7)
$13,160,000 5.00% Term Bond due October 15, 2037 (CUSIP®917467 AH5)
$15,245,000 5.00% Term Bond due October 15, 2040 (CUSIP®917467 AJ1)

Mandatory Sinking Fund Redemption on the 2017A Bonds. The 2017A Bonds maturing on October 15, 2025; October 15, 2029; October 15, 2032; October 15, 2034; October 15, 2037 and October 15, 2040, respectively, are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates and in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
October 15, 2021	$ 1,705,000
October 15, 2022	1,795,000
October 15, 2023	1,880,000
October 15, 2024	2,440,000
October 15, 2025 (stated maturity)	2,560,000
Total	$10,380,000
October 15, 2026	$ 2,690,000
October 15, 2027	2,830,000
October 15, 2028	2,970,000
October 15, 2029 (stated maturity)	3,120,000
Total	$11,610,000
October 15, 2030	$ 3,275,000
October 15, 2031	3,430,000
October 15, 2032 (stated maturity)	3,610,000
Total	$10,315,000
October 15, 2033	$3,790,000
October 15, 2034 (stated maturity)	3,975,000
Total	$7,765,000
October 15, 2035	$ 4,175,000
October 15, 2036	4,385,000
October 15, 2037 (stated maturity)	4,600,000
Total	$13,160,000
October 15, 2038	$ 4,835,000
October 15, 2039	5,080,000
October 15, 2040 (stated maturity)	5,330,000
Total	$15,245,000

2.

$3,500,000

Utah Infrastructure Agency

Taxable Telecommunications Revenue Refunding Bonds, Series 2017B

Bonds dated and issued on: December 20, 2017

CUSIP® numbers on the bonds are provided below.

Background Information. The $3,500,000, Taxable Telecommunications Revenue Refunding Bonds, Series 2017B, dated December 20, 2017 (the "2017B Bonds") were awarded pursuant to a negotiated sale on December 13, 2017 to KeyBanc Capital Markets, Chicago, Illinois. Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

The 2017B Bonds were issued by the Agency, as fully–registered bonds in book–entry only form, registered in the name of Cede & Co., as nominee for the DTC. DTC is currently acting as securities depository for the 2017B Bonds. Principal of and interest on the 2017A Bonds (interest payable April 15 and October 15 of each year) are payable by Zions Bancorporation, as Paying Agent, to the registered owners thereof, currently DTC.

No Optional Redemption. The 2017B Bonds are not subject to optional redemption prior to maturity.

Current Maturity Schedule.

Current principal outstanding: $3,050,000 Original issue amount: $3,500,000

Dated: December 20, 2017 Due: October 15, as shown below

$3,050,000 5.00% Term Bond due October 15, 2023 (CUSIP® 917467 AK8)

Mandatory Sinking Fund Redemption on the 2017B Bonds. The 2017B Bonds maturing on October 15, 2023 are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates and in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
October 15, 2019	$ 570,000
October 15, 2020	590,000
October 15, 2021	610,000
October 15, 2022	630,000
October 15, 2023 (stated maturity)	650,000
Total	$3,050,000

3.

$21,810,000

Utah Infrastructure Agency

Tax-Exempt Telecommunications Revenue Bonds, Series 2018A

Bonds dated and issued on: July 11, 2018

CUSIP® numbers on the bonds are provided below.

Background Information. The $21,810,000, Telecommunications Revenue Bonds, Series 2018A, dated July 11, 2018 (the "2018A Bonds") were awarded pursuant to a negotiated sale on June 26, 2016 to KeyBanc Capital Markets, Chicago, Illinois. Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

The 2018A Bonds were issued by the Agency, as fully–registered bonds in book–entry only form, registered in the name of Cede & Co., as nominee for the DTC. DTC is currently acting as securities depository for the 2018A Bonds. Principal of and interest on the 2018A Bonds (interest payable April 15 and October 15 of each year) are payable by Zions Bancorporation, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2018A Bonds maturing on or after October 15, 2028, are subject to redemption at the option of the Agency on October 15, 2027, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Agency, at a redemption price equal to 100% of the principal amount of the 2018A Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: $21,810,000 | Original issue amount: $21,810,000

Dated: July 11, 2018 | Due: October 15, as shown below

Due October 15	CUSIP® 917467	Principal Amount	Original Interest Rate
2019………	AL6	$550,000	5.00%
2020………	AM4	580,000	5.00
2021………	AN2	610,000	5.00
2022………	AP7	640,000	5.00
2023………	AQ5	670,000	5.00

$1,450,000 5.000% Term Bond due October 15, 2025 (CUSIP®917467 AR3)

$2,465,000 5.000% Term Bond due October 15, 2028 (CUSIP®917467 AS1)

$5,065,000 5.250% Term Bond due October 15, 2033 (CUSIP®917467 AT9)

$9,780,000 5.375% Term Bond due October 15, 2040 (CUSIP®917467 AU6)

Mandatory Sinking Fund Redemption on the 2018A Bonds. The 2018A Bonds maturing on October 15, 2025; October 15, 2028; October 15, 2033; and October 15, 2040, respectively, are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates and in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
October 15, 2024	$ 705,000
October 15, 2025 (stated maturity)	745,000
Total	$1,450,000
October 15, 2026	$ 780,000
October 15, 2027	820,000
October 15, 2028 (stated maturity)	865,000
Total	$2,465,000
October 15, 2029	$ 910,000
October 15, 2030	960,000
October 15, 2031	1,010,000
October 15, 2032	1,065,000
October 15, 2033 (stated maturity)	1,120,000
Total	$5,065,000
October 15, 2034	$1,180,000
October 15, 2035	1,250,000
October 15, 2036	1,315,000
October 15, 2037	1,390,000
October 15, 2038	1,465,000
October 15, 2039	1,545,000
October 15, 2040 (stated maturity)	1,635,000
Total	$9,780,000

Net Revenues of the Agency

Revenue and Expense Details

The following table sets forth a breakdown of the sources and revenues of the Agency by type of customer. The revenues shown in this table to not include Franchise Tax Obligations in the aggregate amount of $5,151,152, which have not been requested or required to meet the obligations of the Agency since its inception.

	Fiscal Year				
	2018	2017	2016	2015	2014
Residential	$ 4,379,839	$3,158,626	$2,590,554	$2,024,352	$1,953,296
Business	5,725,753	5,099,823	4,320,214	3,426,470	1,917,818
Installation	110,353	167,615	176,741	3,426,470 (2)	230,916
Miscellaneous (1)	425,869	629,496	601,806	410,402	220,912
Total	$10,641,814	$9,055,560	$7,689,315	$6,327,340	$4,322,942

(1) Miscellaneous includes fees and charges paid by the service providers to connect and interface with the UIA Network, bandwidth fees and charges paid by certain service providers, repair charges paid by customers and miscellaneous other charges paid by the services providers for services provided by the Agency.
(2) Increase in installation fees for Fiscal Year 2015 was due to a one–time, up–front installation fees paid by one service provider for expansion to business customers beyond the UIA Network.

(Source: The Agency.)

The following table sets forth a breakdown of revenues of the Agency by contractual relationship:

	Fiscal Year							
	2018		2017		2016		2015	
Service Contract (Lease agreements)	$ 1,705,427	15.6%	$1,312,274	13.9	$ 940,608	12.2%	$ 702,769	11.1%
Service Contract (CUE agreements)	693,302	5.5	563,978	6.0	519,787	6.8	418,315	6.6
Service Provider Agreements	7,676,878	71.0	6,382,197	71.7	5,450,373	70.9	4,329,738	68.4
Installation	110,854	0.9	167,615	1.8	176,741	2.3	410,402	6.5
Miscellaneous (1)	750,000	7.0	629,496	6.7	601,806	7.8	466,116	7.4
Total	$10,641,814	100.0%	$9,055,560	100.0%	$7,689,315	100.0%	$6,327,340	100.0%

(1) Miscellaneous includes fees and charges paid by the service providers to connect and interface with the UIA Network, bandwidth fees and charges paid by certain service providers, repair charges paid by customers and miscellaneous other charges paid by the services providers for services provided by the Agency.

(Source: The Agency.)

The following table sets forth a breakdown of operating expense of the Agency:

	Fiscal Year				
	2018	2017	2016	2015	2014
Marketing costs	$ 509,695	$ 323,844	$ 231,039	$ 86,013	$ 85,778
Professional services	716,775	138,352	97,680	78,238	65,765
Network maintenance	1,404,954	704,047	420,302	364,212	321,543
Depreciation	4,469,316	3,549,885	3,002,055	2,653,388	2,251,381
Total	$7,100,740	$4,716,168	$3,751,076	$3,181,851	$2,724,470

(Source: The Agency.)

Customer Concentration

The following chart provides a breakdown of residential and business customers and recurring monthly revenue (defined below):

	Calendar Year				
	2018	2017	2016	2015	2014
Residential customers	8,217	6,195	5,190	4,389	3,875
Business Customers	1,966	1,690	1,415	1,225	919
Total customers	10,183	7,885	6,605	5,614	4,794
Average recurring monthly revenue (1)	$894,132	$761,768	$636,675	$510,990	$341,157

(1) "Recurring monthly revenue" is revenue derived from service fees and other recurring operating revenues and excludes one–time fees.

(Source: The Agency.)

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Security and Sources of Payment For The Bonds

Debt Service Coverage

Fiscal Year	UIA Network Revenues	Plus: Franchise Tax Revenues (1)	Total Available Revenues	Less O&M Expenses (2)	Net Revenues	Debt Service on Prior Bonds (3)	Debt Service on 2017 Bonds	Debt Service on 2018 Bonds	Debt Service Coverage (4)
2013	$ 3,440,460	$ 5,151,152	$ 8,591,612	$ 458,527	$ 8,133,085	$ 2,124,523	$ –	$ –	3.8 X
2014	4,332,942	5,151,152	9,484,094	473,086	9,011,008	2,506,163	–	–	3.6 X
2015	6,327,340	5,151,152	11,478,492	528,463	10,950,029	2,907,703	–	–	3.8 X
2016	7,689,315	5,151,152	12,840,467	749,021	12,091,446	3,365,867	–	–	3.6 X
2017	9,055,560	5,151,152	14,206,712	1,166,283	13,040,429	4,502,775	–	–	2.9 X
2018	10,641,814	5,151,152	15,792,966	2,091,224	13,701,742	–	1,172,824	–	11.7 X
2019						–	6,237,125	867,543	
2020						–	5,781,575	1,676,080	
2021						–	5,775,125	1,677,838	
2022						–	5,751,600	1,678,088	
2023						–	5,752,400	1,676,838	
2024						–	5,743,125	1,674,088	
2025						–	5,533,750	1,674,713	
2026						–	5,528,750	1,678,463	
2027						–	5,527,500	1,675,338	
2028						–	5,529,500	1,675,338	
2029						–	5,524,500	1,678,213	
2030						–	5,522,250	1,677,700	
2031						–	5,517,375	1,678,613	
2032						–	5,504,750	1,676,900	
2033						–	5,508,750	1,677,431	
2034						–	5,503,750	1,675,075	
2035						–	5,494,625	1,673,963	
2036						–	5,490,875	1,678,656	
2037						–	5,486,875	1,674,722	
2038						–	5,477,250	1,677,025	
2039						–	5,476,375	1,675,297	
2040						–	5,473,500	1,674,403	
2041						–	5,463,250	1,678,941	

(1) Pledged by the Contracting Members pursuant to the Service Contract.
(2) Excludes depreciation. The Agency's Operation and Maintenance Expenses primarily consist of the monthly fees it pays to UTOPIA pursuant to the UTOPIA Service Agreement.
(3) These bonds were refunded by the 2017 Bonds.
(4) Net Revenues divided by Debt Service on the 2017 Bonds and the 2018 Bonds.

Utah Infrastructure Agency

Statement of Revenues, Expenditures, and Changes in Fund Net Position

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Operating Revenues:					
Access fees	$ 8,111,854	$ 7,078,457	$ 6,059,951	$ 4,872,660	$ 3,038,824
Installations	14,699	123,933	258,449	472,018	514,871
Reconnections	2,373,662	1,813,818	1,362,514	982,663	769,246
Miscellaneous operating revenue	141,600	39,352	8,400	–	–
Total operating revenues	10,641,815	9,055,560	7,689,314	6,327,341	4,322,941
Operating Expenses:					
Marketing	509,695	323,884	231,039	86,013	85,778
Professional services	716,775	138,352	97,680	78,238	65,765
Network	1,404,954	704,047	420,302	364,212	321,543
Depreciation	4,469,316	3,549,885	3,002,055	2,653,388	2,251,384
Total operating expenses	7,100,740	4,716,168	3,751,076	3,181,851	2,724,470
Operating Income (Loss)	3,541,075	4,339,392	3,938,238	3,145,490	1,598,471
Non-Operating Revenues:					
Interest income	528,398	491,518	386,958	291,526	329,094
Installation related to capital contributions	452,541	376,682	247,294	799,864	577,877
Donated services from UTOPIA	546,883	–	–	–	–
Bond interest and fees	(4,506,128)	(2,774,126)	(2,993,006)	(1,917,898)	(2,374,095)
Loss on disposal of assets	(390,173)	–	–	–	–
Total Non-Operating Revenues (Expenses)	(3,368,479)	(1,905,926)	(2,358,754)	(826,508)	(1,467,124)
Change in Net Position	172,596	2,433,466	1,579,484	2,318,982	131,347
Total Net Position, July 1	4,600,509	2,167,043	587,559	(1,731,423)	(1,862,770) (1)
Total Net Position, June 30	$ 4,773,105	$ 4,600,509	$ 2,167,043	$ 587,559	$ (1,731,423)

(1) Restated from Fiscal Year End 2013 ending balance to comply with requirements of GASB 63.

(Source: Information extracted from the Agency's audited basic financial statements. This summary itself has not been audited.)

Utah Infrastructure Agency

Statement of Net Position

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Assets					
Current assets:					
Cash	$ 5,447,838	$ 6,185,494	$ 3,146,791	$ 2,168,755	$ 996,661
Restricted cash and cash equivalents	4,504,137	8,970,265	25,443,378	2,298,904	5,573,515
Trade receivables, net	1,100,484	1,011,553	491,703	468,801	327,634
Inventory	2,579,451	1,240,161	885,408	658,843	296,808
Notes receivable	236,173	218,007	193,111	180,946	151,665
Prepaid expenses	5,553	17,210	–	–	–
Total current assets	13,873,636	17,642,690	30,160,391	5,776,249	7,346,283
Noncurrent assets:					
Restricted cash and cash equivalents	6,004,053	–	–	–	–
Notes receivable	3,091,433	3,208,739	3,275,771	3,402,970	3,576,268
Capital assets:					
Construction in progress	3,246,486	749,640	109,706	13,230	2,852,028
Land	500,000	500,000	–	–	–
Assets, net of accumulated depreciation:					
Building	1,975,882	–	–	–	–
Furniture and equipment	286,030	–	–	–	–
Fiber optic network	63,138,360	–	–	–	–
Property and equipment, net fiber optic network	–	51,856,193	40,519,444	40,129,117	36,506,565
Total noncurrent assets	78,242,244	56,314,572	43,904,921	43,545,317	42,934,861
Total assets	92,115,880	73,957,262	74,065,312	49,321,566	50,281,144
Deferred outflows of resources:					
Deferred issuance costs on bonds	5,155,878	–	–	–	–
Total deferred outflows of resources	5,155,878	–	–	–	–
Total assets and deferred outflows of resources	$ 97,271,758	$ 73,957,262	$ 74,065,312	$ 49,321,566	$ 50,281,144
Liabilities					
Current liabilities:					
Accounts payable	$ 1,931,760	$ 957,025	$ 409,987	$ 238,511	$ 380,330
Liabilities payable from restricted assets	–	–	–	–	431,077
Accrued liabilities	140,074	68,819	29,186	63,184	129,636
Unearned/deferred revenue	25,075	9,675	–	–	300,000
Interest payable from restricted assets	762,473	596,607	605,940	402,597	408,513
Capital leases payable	647,187	640,171	620,709	595,117	655,000
Revenue bonds payable	2,595,000	1,690,000	1,645,000	1,005,000	980,000
Total noncurrent liabilities	6,101,569	3,962,297	3,310,822	2,304,409	3,284,556
Noncurrent liabilities:					
Capital leases payable	365,216	1,012,403	2,807,455	5,168,053	7,540,602
Notes payable	3,718,636	3,835,636	3,417,291	3,352,210	2,248,467
Revenue bonds payable	82,313,232	60,546,416	62,362,701	37,909,335	38,938,939
Total noncurrent liabilities	86,397,084	65,394,455	68,587,447	46,429,598	48,728,008
Total liabilities	92,498,653	69,356,752	71,898,269	48,734,007	52,012,564
Net position					
Net investment in capital assets	(5,540,482)	2,076,379	2,763,232	3,384,664	3,350,994
Restricted for:					
Debt service	9,672,253	2,559,705	2,543,594	1,635,981	1,133,381
Unspent bond proceeds	73,464	5,813,952	22,293,844	260,326	3,600,544
Unrestricted	567,870	(5,849,527)	(25,433,627)	(4,693,412)	(9,816,342)
Total net position	4,773,105	4,600,509	2,167,043	587,559	(1,731,423)
Total liabilities and net position	$ 97,271,758	$ 73,957,261	$ 74,065,312	$ 49,321,566	$ 50,281,141

(Source: Information extracted from the City's audited basic financial statements. This summary itself has not been audited.)

Budget

Utah Infrastructure Agency Budget Fiscal Year Ending June 30, 2018	
Total Revenues (1)	$10,772,700
Expenses:	
Marketing	$ 519,600
Administrative services	147,200
Professional services	25,200
Network Management	1,399,224
Depreciation (2)	4,800,000
Bond interest and fees	3,370,581
Total Expenses	$10,261,805
Net Income	$ 510,895

(1) Consists of projected operating revenues in the amount of $10,735,200 and projected interest income in the amount of $37,500. Does not include the Agency's general revenue bond proceeds issued in 2017.

(2) Depreciation expense is specifically excluded as an operating and maintenance expense under the 2011 Service Contract and the 2018 Service Contract.

(Source: The Agency.)

Utah Infrastructure Agency Budget Fiscal Year Ending June 30, 2019	
Total Revenues (1)	$12,713,100
Expenses:	
Marketing	$ 518,600
Administrative services	150,000
Professional services	25,200
Network Management	2,022,270
Depreciation (2)	4,800,000
Bond interest and fees	3,757,946
Total Expenses	$11,274,016
Net Income	$ 1,439,084

(1) Consists of projected operating revenues in the amount of $12,675,000 and projected interest income in the amount of $37,500.

(2) Depreciation expense is specifically excluded as an operating and maintenance expense under the 2011 Service Contract and the 2018 Service Contract.

(Source: The Agency.)

The Network

Combined UTOPIA/UIA Networks–Customers, Take-Rate, and Churn Rate

					Fiscal Year					
	2018		2017		2016		2015		2014	
	Customers	Take-rate (%)	Customers	Take-rate (%)	Customers	Take-rate (%)	Customers	Take-rate (%)	Customers	Take-rate (%)
Brigham City	1,960	33.9	1,833	31.3	1,640	29.5	1,380	31.4	1,272	31.4
Centerville	1,723	35.6	1,607	32.9	1,515	30.0	1,360	28.7	1,268	28.7
Layton	2,609	22.5	1,749	18.6	1,096	16.1	599	16.8	505	16.8
Lindon	1,503	46.4	1,442	44.8	1,385	43.4	1,294	45.0	1,209	45.0
Midvale	790	14.3	747	13.6	677	12.2	599	17.7	565	17.7
Murray	2,786	25.4	2,629	23.7	2,474	22.4	2,288	25.6	2,148	25.6
Orem	3,828	27.0	3,316	26.5	3,200	24.4	3,182	29.2	3,157	29.2
Payson	950	30.4	756	24.4	681	25.0	570	24.9	547	24.9
Perry	471	27.1	344	19.3	132	7.5	2	0.0	2	0.0
Tremonton	754	27.4	608	22.0	508	18.2	336	14.5	287	14.5
West Valley	1,673	11.0	1,098	9.6	839	10.3	695	14.3	635	14.3
Misc.	473		410		368		326		265	
Total	19,520		16,539		14,515		12,631		11,860	
Lost customers	674		565		736		518		610	
Churn Rate	3.45%		3.42%		5.07%		4.10%		5.14%	

(Source: The Agency.)

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DISCLOSURE SPECIFIC TO LAYTON CITY TELECOMMUNICATION AND FRANCHISE TAX REVENUE BONDS (CUSIP®917462)

The Agency is providing disclosure on the following Layton City telecommunications and franchise tax revenue bonds.

$22,285,000
Utah Infrastructure Agency
Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018

Bonds dated and issued on: August 15, 2018
CUSIP® numbers on the bonds are provided below.

Background Information. The $22,285,000, Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018, dated August 15, 2018 (the “2018 Bonds”) were awarded pursuant to a negotiated sale on August 8, 2018 to KeyBanc Capital Markets, Chicago, Illinois. Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

The 2018 Bonds were issued by the Agency, as fully–registered bonds in book–entry only form, registered in the name of Cede & Co., as nominee for the DTC. DTC is currently acting as securities depository for the 2018 Bonds. Principal of and interest on the 2018 Bonds (interest payable April 15 and October 15 of each year) are payable by Zions Bancorporation, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2018 Bonds maturing on or after October 15, 2029, are subject to redemption at the option of the Agency on October 15, 2028, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Agency, at a redemption price equal to 100% of the principal amount of the 2018 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: $22,285,000 Original issue amount: $22,285,000

Dated: August 15, 2018 Due: October 15, as shown below

Due October 15	CUSIP® 917462	Principal Amount	Original Interest Rate	Due October 15	CUSIP® 917462	Principal Amount	Original Interest Rate
2021………	AA1	$150,000	3.00%	2028………	AH6	$730,000	5.00%
2022………	AB9	465,000	3.00	2029………	AJ2	765,000	5.00
2023………	AC7	590,000	3.00	2030………	AK9	805,000	5.00
2024………	AD5	610,000	4.00	2031………	AL7	845,000	5.00
2025………	AE3	635,000	4.00	2032………	AM5	885,000	5.00
2026………	AF0	660,000	5.00	2033………	AN3	930,000	5.00
2027………	AG8	695,000	5.00				

$1,995,000 3.625% Term Bond due October 15, 2035 (CUSIP®917642 AP8)
$3,315,000 5.000% Term Bond due October 15, 2038 (CUSIP®917642 AQ6)
$3,830,000 5.000% Term Bond due October 15, 2041 (CUSIP®917462 AR4)
$4,380,000 3.875% Term Bond due October 15, 2044 (CUSIP®917462 AS2)

Mandatory Sinking Fund Redemption on the 2018 Bonds. The 2018 Bonds maturing on October 15, 2035; October 15, 2038; October 15, 2041; and October 15, 2044, respectively, are subject to mandatory sinking fund redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates and in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
October 15, 2034	$ 980,000
October 15, 2035 (stated maturity)	1,015,000
Total	$1,995,000
October 15, 2036	$1,050,000
October 15, 2037	1,105,000
October 15, 2038 (stated maturity)	1,160,000
Total	$3,315,000
October 15, 2039	$1,215,000
October 15, 2040	1,275,000
October 15, 2041 (stated maturity)	1,340,000
Total	$3,830,000
October 15, 2042	$1,405,000
October 15, 2043	1,460,000
October 15, 2044 (stated maturity)	1,515,000
Total	$4,380,000

Security and Sources of Payment for the 2018 Bonds

Revenues and Service Fees and Hook-up Lease Revenues

In the Continuing Disclosure Undertaking pertaining to the 2018 Bonds, the revenues from service fees and hook-up lease revenues are required as such revenues become historical. *As of the date of this SUPPLEMENTAL CONTINUING DISCLOSURE MEMORANDUM, no revenues are considered historical.*

Layton City, Utah

Franchise Tax Revenues of the City

Fiscal Year	Franchise Tax Revenues	% Change
2018	$3,880,743	(0.4)
2017	3,898,111	0.4
2015	3,918,318	3.8
2014	3,775,194	(1.6)
2013	3,836,957	4.8

(Source: The office of the Layton City Treasurer.)

The Agency–Financial Summaries and Budget

Statement of Revenues, Expenses, and Change in Net Position (page 9);
Statement of Net Position (page 10); and
Budget (page 11).

AUDITED FINANCIAL STATEMENTS OF THE UTAH INFRASTRUCTURE AGENCY FOR FISCAL YEAR 2018

Included with this supplement is the Agency's audited financial statements for Fiscal Year 2018.

The Fiscal Year 2018 audited financial statements and other historical financial reports may be found online at

https://reporting.auditor.utah.gov/searchreport

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UTAH INFRASTRUCTURE AGENCY

FINANCIAL STATEMENTS

JUNE 30, 2018

UTAH INFRASTRUCTURE AGENCY
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KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Utah Infrastructure Agency
Murray, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Utah Infrastructure Agency (UIA) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise UIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of UIA as of June 30, 2018, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Salt Lake City, Utah 84119

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of UIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UIA's internal control over financial reporting and compliance.

Keddington & Christensen

Salt Lake City, Utah
December 3, 2018

UTAH INFRASTRUCTURE AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The following is a discussion and analysis of the Utah Infrastructure Agency (UIA) financial activities for the fiscal year ending June 30, 2018.

Description of Business

The Utah Infrastructure Agency (UIA) is a political subdivision of the State of Utah and was created in June 2010. Nine cities created the agency (Brigham City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, Orem City, Payson City and West Valley City).

The UIA network is a fiber optic network providing high-speed broadband voice, video and data access. This network includes fiber optic lines, transmitters, power sources and backups, switches and access portals. The network operates as a wholesale network, under an open-access model, which is available to all qualified service providers. The open-access aspect means subscribers—both residents and businesses—have real choice for their broadband needs and can choose the provider and options that work best for them. Eight of the member cities (all except Payson City) pledged franchise tax revenues as partial loan guarantees in order to secure financing for the network.

The UIA network is connected to the UTOPIA fiber optic network pursuant to an Indefeasible Right of Use Agreement (IRU) between UIA and UTOPIA, which grants UIA access to certain facilities of and capacity in the UTOPIA network. The UTOPIA network provides telecommunications services, support and management services as well as crucial infrastructure for the UIA network. The synergy provided by UIA's partnership with UTOPIA allows both organizations to provide their citizens a state-of-the-art broadband network. The project is facilitating economic development throughout UTOPIA member cities. Where the network is completed, residents and businesses have access to the fastest internet in the country.

Twenty five service providers—Including First Digital, SumoFiber, Veracity, Windstream, and XMission,—were actively providing services and a total of 19,905 homes and businesses had subscribed to services at year end on the UTOPIA/UIA network. Future growth of the network will be largely demand-based, bringing the network first to those areas that will bring the best return on investment. UIA continues to make significant progress towards the project's original mission: to build and maintain a fiber network to service all of the businesses and residents in UTOPIA's member cities.

As of the end of June, 2018, more than 3,413 miles of fiber cable have been placed within the boundaries of the eleven members cities. Within footprints serviced by 158 hut sites, there are approximately 98,000 addresses, of which approximately 81,000 are able to receive services. The remaining addresses are located in apartment buildings, condominium developments, or in areas isolated by right-of-way or pole access issues.

UTAH INFRASTRUCTURE AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Highlights

Financial highlights include:

- UIA's recurring operating revenues increased $1,586,000 from the prior year.
- Operating profit (EBITDA) for the year was $634,000 higher than the prior year.

Overview of Financial Statements

The financial statements included in this report have been prepared in compliance with generally accepted accounting principles. The balance sheet provides information about the Agency's resources and obligations at year end. The statement of revenues, expenses and changes in net position presents the results of business activities during the course of the year. The statement of cash flows presents changes in cash and cash equivalents, resulting from operational and investing activities. Notes to the financial statements provide required disclosures and other information that are essential to the full understanding of material data provided in the statements. The notes present information about UIA's accounting policies, significant account balances, obligations, commitments, contingencies and subsequent events.

Operating revenues of $10.6 million exceeded budget by about $52,000. Total operating expense (expenses excluding interest and depreciation) was $7,000 below budget. Operating profit (EBITDA) for the year was $157,000 better than budgeted. The net profit for the year was $173,000, which was better than budget by $1.0 million.

Table 1 - Summary of the Agency's Statement of Net Position.

	2018	2017
Current and other assets	$ 22,969,122	$ 20,851,428
Capital assets	69,146,758	53,105,833
Total Assets	92,115,880	73,957,261
Deferred outflows of resources	5,155,878	-
Total Assets	97,271,758	73,957,261
Current and other liabilities	6,101,569	3,962,297
Long-term liabilities outstanding	86,397,084	65,394,455
Total Liabilities	92,498,653	69,356,752
Net investment in capital assets	(5,540,482)	2,076,379
Restricted	9,745,717	8,373,657
Unrestricted	567,870	(5,849,527)
Net Position	$ 4,773,105	$ 4,600,509

Table 2 - Summary of the Agency's Statement of Revenues, Expenses and Changes in Fund Net Position

	2018	2017
Revenues:		
Operating revenues	$ 10,641,815	$ 9,055,560
Interest income	528,398	491,518
Other revenues	999,424	376,682
Total Revenues	12,169,637	9,923,760
Expenditures:		
Marketing	509,695	323,884
Professional services	716,775	138,352
Network operations	1,404,954	704,047
Depreciation	4,469,316	3,549,885
Bond interest and fees	4,506,128	2,774,126
Loss on disposal of assets	390,173	-
Total Expenditures	11,997,041	7,490,294
Change in net position	172,596	2,433,466
Total net position, beginning of year	4,600,509	2,167,043
Total net position, end of year	$ 4,773,105	$ 4,600,509

Capital Assets and Debt Administration

UIA's capital assets, net of depreciation, were $69.1 million. Types of assets include outside plant (fiber and conduit), inside plant (electronics), customer premise equipment, construction in progress and a capitalized lease (IRU).

As of June 30, 2018, UIA's outstanding debt amounted to $89.6 million. This is comprised of the revenue bonds and the capitalized IRU note payable.

Table 3 - Summary of UIA's Capital Assets at June 30, 2018:

	2018	2017
Construction in progress	$ 3,246,486	$ 749,640
Land	500,000	500,000
Building	2,005,882	2,080,773
Furniture and equipment	281,272	687,599
Outside plant	36,789,870	26,305,279
Inside plant	2,611,468	2,468,854
Customer premise equipment	10,505,107	6,379,936
Intangible right	13,206,673	13,933,752
	$ 69,146,758	$ 53,105,833

Table 4 - Summary of UIA's Debt at June 30, 2018:

	2018	2017
Revenue bonds payable	$ 84,908,232	$ 62,236,416
Capital leases	1,012,403	1,652,574
Notes payable	3,718,636	3,835,636
	$ 89,639,271	$ 67,724,626

Contacting UIA's Financial Management

This financial report is designed to provide interested readers with a general overview of UIA's financial position and to demonstrate accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Utah Infrastructure Agency, 5858 S 900 E Murray, UT 84121.

BASIC FINANCIAL STATEMENTS

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF NET POSITION
June 30, 2018

Assets	
Current Assets:	
Cash	$ 5,447,838
Trade receivables, net	1,100,484
Inventory	2,579,451
Prepaid expenses	5,553
Notes receivable	236,173
Restricted cash equivalents	4,504,137
Total Current Assets	13,873,636
Noncurrent assets:	
Restricted cash equivalents	6,004,053
Notes receivable	3,091,433
Capital Assets:	
Construction in progress	3,246,486
Land	500,000
Assets, net of accumulated depreciation:	
Building	1,975,882
Furniture and equipment	286,030
Fiber optic network	63,138,360
Total Noncurrent Assets	78,242,244
Total Assets	92,115,880
Deferred Outflows of Resources	
Deferred charge on refunding	5,155,878
Total Assets and Deferred Outflows of Resources	$ 97,271,758

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

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF NET POSITION (Continued)
June 30, 2018

Liabilities	
Current Liabilities:	
Accounts payable	$ 1,931,760
Accrued liabilities	140,074
Interest payable from restricted assets	762,473
Capital leases payable	647,187
Revenue bonds payable	2,595,000
Unearned revenue	25,075
Total Current Liabilities	6,101,569
Noncurrent Liabilities:	
Capital leases payable	365,216
Note payable	3,718,636
Revenue bonds payable	82,313,232
Total Noncurrent Liabilities	86,397,084
Total Liabilities	92,498,653
Net Position	
Net Investment in capital assets	(5,540,482)
Restricted for:	
Debt service	9,672,253
Future development	73,464
Unrestricted	567,870
Total Net Position	4,773,105
Total Liabilities and Net Position	$ 97,271,758

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

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2018

Operating Revenues:	
Access fees	$ 8,111,854
Installations	14,699
Reconnections	2,373,662
Miscellaneous operating revenue	141,600
Total Operating Revenues	10,641,815
Operating Expenses:	
Marketing	509,695
Professional services	716,775
Network	1,404,954
Depreciation	4,469,316
Total Operating Expenses	7,100,740
Operating Income	3,541,075
Nonoperating Revenues (Expenses):	
Interest income	528,398
Installation related capital contributions	452,541
Donated services from UTOPIA	546,883
Bond interest and fees	(4,506,128)
Loss on disposal of assets	(390,173)
Total Nonoperating Revenues (Expenses)	(3,368,479)
Change In Net Position	172,596
Total Net Position, Beginning of Year	4,600,509
Total Net Position, End of Year	$ 4,773,105

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

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

Cash Flows From Operating Activities:	
Cash received from customers and users	$ 10,609,922
Payments to suppliers	(6,106,017)
Net cash provided by operating activities	4,503,905
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	(16,535,931)
Proceeds from installations	510,042
Bond interest and fees	(4,472,843)
Proceeds from issuance of new bonds	85,084,614
Principal paid on bonds	(1,690,000)
Deposit into escrow for debt refunding	(66,288,255)
Payment of note payable	(218,129)
Principal paid on capital leases payable	(655,000)
Net cash used by capital and related financing activities	(4,265,502)
Cash Flows From Non-Capital Financing Activity:	
Proceeds from notes payable addition	33,469
Net cash provided by non-capital financing activity	33,469
Cash Flows From Investing Activity:	
Interest income	528,398
Net cash provided by investing activity	528,398
Net Increase in Cash and Cash Equivalents	800,270
Cash and Cash Equivalents, Beginning of Year	15,155,758
Cash and Cash Equivalents, End of Year	$ 15,956,028

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

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2018

Reconciliation of operating loss to net cash from operating activities:

Operating income	$	3,541,075
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation expense		4,469,316
Donated services from UTOPIA		546,883
(Increase) decrease in assets related to operations		
Trade receivables, net		(88,931)
Prepaid expenses		11,657
Inventory		(4,367,683)
Note receivable related to operating revenues		41,639
Increase (decrease) in liabilities related to operations		
Accounts payable		263,295
Accrued liabilities		71,255
Unearned Revenue		15,399
Net Cash Provided by Operating Activities	$	4,503,905

Supplemental Information

Noncash Investing, Capital, and Financing Activities:

Inventory additions to capital assets	$	2,734,504
Capitalized interest addition to capital assets		92,734
Accrued interest addition to notes payable		67,660

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

UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Utah Infrastructure Agency (UIA), a separate legal entity and political subdivision of the State of Utah, was formed on July 29, 2010, by an Interlocal Cooperative Agreement pursuant to the provisions of the Utah Interlocal Cooperation Act. UIA's Interlocal Cooperative Agreement has a term of five years, and is renewable every year thereafter. UIA consists of nine member-cities (eight pledging and one non-pledging) at June 30, 2018. UIA's purpose is to design, finance, build, operate, and maintain an open, wholesale, public telecommunication infrastructure that has the capacity to deliver high-speed connections to every home and business in the member communities.

In evaluating how to define UIA for financial reporting purposes, management has considered all potential component units. The decision as to whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether UIA is able to exercise oversight responsibilities. UIA does not have any component units, nor is it a component unit of any primary government.

The following is a summary of the more significant policies.

Financial Statement Presentation and Basis of Accounting

UIA prepares its financial statements on an enterprise fund basis, using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise 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 UIA's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating.

Restricted Assets

UIA maintains investments held by financial institutions for safekeeping of funds relating to service reserves and to fund capital assets. When both restricted and unrestricted assets are available, it is UIA's policy to use restricted assets first, then unrestricted assets as they are needed.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. UIA reports a deferred charge on refunding in this category.

Property and Equipment

Property and equipment are stated at cost, which includes capitalization of interest costs incurred during construction. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included as nonoperating revenues or expenses. Depreciation of property and equipment was computed using the straight-line method over the following estimated useful lives:

Outside plant and certain customer premise equipment	25 years
Office furniture and equipment and vehicles	3-5 years
Intangible rights	25 years

Depreciation of inside plant and certain customer premise equipment was computed using an accelerated method over a six-year life.

Cash and Cash Equivalents

UIA considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For purposes of the statement of cash flows, cash and cash equivalents are defined as the cash accounts and the restricted cash equivalent accounts. Investments, in the form of accounts invested with the Utah Public Treasurer's Investment Fund (the State Treasurer's Pool) of UIA are stated at cost, which approximates fair value.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is UIA's best estimate of the amount of probable credit losses in the existing accounts receivable. UIA has reserved $188,502 of accounts receivable.

Inventories

Inventories are stated at cost using the first-in first-out method.

Estimates and Assumptions

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

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition
Revenue is generally recorded when the service has been provided, and profit is recognized at that time. Revenues are reported net of bad debt expense. Total bad debt expense related to revenues of the current period is $0.

NOTE 2 CASH AND INVESTMENTS

UIA's deposit and investment policy is to follow the Utah Money Management Act. However, UIA does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which UIA is exposed.

Utah State law requires that UIA's funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for UIA and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2018, UIA had the following deposits and investments, stated at carrying amount, which approximates fair value:

Deposit and investment type	Fair Value
Cash on deposit	$ 831,690
Investments in Utah Public Treasurer Investment Funds	15,124,338
	$ 15,956,028

Cash on Deposit:
Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, UIA's deposits may not be returned to it. As of June 30, 2018, $1,736,761 of the $1,986,761 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized. UIA has no policy to manage this type of risk.

Investment in Utah Public Treasurer's Investment Funds (PTIF):
The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated*, *1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest rate risk. The risk that changes in the interest rate will have an adverse effect on the fair value of an investment. UIA's investments in PTIF are not subject to interest rate risk.

Credit risk. This is the risk that an issuer or other counter party to an investment will not fulfill its obligations. As of June 30, 2018 the PTIF in which UIA has investments were unrated.

Concentration of credit risk. This is the risk of loss attributable to the magnitude of UIA's investment in a single issuer. UIA's investment in PTIF is not subject to a concentration of credit risk.

Custodial credit risk – investments. This is the risk that, in the event of the failure of the counterparty to a transaction, UIA will not be able to recover the value of its investments that are in the possession of an outside party**.** UIA's investment in PTIF has no custodial credit risk.

UIA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurements of UIA's investments in PTIF at June 30, 2018, or $15,181,628 are based on significant other observable inputs (Level 2 inputs).

NOTE 3 PROPERTY AND EQUIPMENT

The following summarizes UIA's property and equipment as of June 30, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 500,000	$ -	$ -	$ 500,000
Construction in progress	749,640	2,496,846	-	3,246,486
Total capital assets, not being depreciated	1,249,640	2,496,846	-	3,746,486
Capital assets, being depreciated:				
Building	2,122,279	-	-	2,122,279
Furniture and equipment	687,599	234,783	(585,260)	337,122
Outside plant	30,828,753	11,947,211	-	42,775,964
Inside plant	6,108,983	1,503,940	-	7,612,923
Customer premise equipment	8,152,429	4,717,634	(409,681)	12,460,382
Intangible right	18,176,964	-	-	18,176,964
Total capital assets, being depreciated	$ 66,077,007	$ 18,403,568	$ (994,941)	$ 83,485,634

NOTE 3 PROPERTY AND EQUIPMENT (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation:				
Building	$ (41,506)	$ (74,891)	$ -	$ (116,397)
Furniture and equipment	-	(250,937)	195,087	(55,850)
Outside plant	(4,523,474)	(1,462,620)	-	(5,986,094)
Inside plant	(3,640,129)	(1,361,326)	-	(5,001,455)
Customer premise equipment	(1,772,493)	(592,463)	409,681	(1,955,275)
Intangible right	(4,243,212)	(727,079)	-	(4,970,291)
Total accumulated depreciation	(14,220,814)	(4,469,316)	604,768	(18,085,362)
Total capital asset, net of accumulated depreciation	51,856,193	13,934,252	(390,173)	65,400,272
Property and Equipment, net	$ 53,105,833	$ 16,431,098	$ (390,173)	$ 69,146,758

Depreciation expense of $4,469,316 was charged to operating expense for the year ended June 30, 2018.

NOTE 4 LONG-TERM DEBT

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2018.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds					
Series 2017A	$ -	$ 73,905,000	$ -	$ 73,905,000	$ 2,145,000
Series 2017B	-	3,500,000	-	3,500,000	450,000
Series 2011A	21,095,000	-	(21,095,000)	-	-
Series 2011B	4,860,000	-	(4,860,000)	-	-
Series 2013	10,375,000	-	(10,375,000)	-	-
Series 2015	23,690,000	-	(23,690,000)	-	-
Plus: Unamortized Premiums	2,216,416	7,679,614	(2,392,798)	7,503,232	-
Total Revenue Bonds	62,236,416	85,084,614	(62,412,798)	84,908,232	2,595,000
Capital Leases					
UTOPIA IRU	1,652,574	-	(640,171)	1,012,403	647,187
Total Capital Leases	1,652,574	-	(640,171)	1,012,403	647,187
Notes Payable					
Pledging Members	3,699,438	67,660	(211,105)	3,555,993	-
Tremonton Note	136,198	33,469	(7,024)	162,643	-
Total Notes Payable	3,835,636	101,129	(218,129)	3,718,636	-
Total Long-Term Debt	$ 67,724,626	$ 85,185,743	$ (63,271,098)	$ 89,639,271	$ 3,242,187

NOTE 4 LONG-TERM DEBT (Continued)

Revenue Bonds

Tax-exempt Telecommunications Revenue and Refunding Bonds, Series 2017A, original issue of $73,905,000, principal payments due in annual installments beginning October 15, 2018, interest payments due semi-annually at 2.0% to 5.0%, with the final payment due October 15, 2040. The bonds were issued to refund the Series 2011A, 2013, and 2015 Bonds and obtain additional funding for infrastructure.	$ 73,905,000
Taxable Telecommunication Revenue Refunding Bonds, Series 2017B, original issue of $3,500,000, principal payments due in annual installments beginning October 15, 2018, interest payments due semi-annually at 3.50% with the final payment due October 15, 2023. The bonds were issued to refund the Series 2011B Bonds.	3,500,000
Total Revenue Bonds	77,405,000
Less current portion	(2,595,000)
Noncurrent portion	$ 74,810,000

The following summarizes UIA's revenue bonds debt service requirements as of June 30, 2018:

Year	Principal	Interest	Total
2019	$ 2,595,000	$ 3,642,125	$ 6,237,125
2020	2,195,000	3,586,575	5,781,575
2021	2,250,000	3,525,125	5,775,125
2022	2,315,000	3,436,600	5,751,600
2023	2,425,000	3,327,400	5,752,400
2024-2028	13,050,000	14,812,625	27,862,625
2029-2033	16,405,000	11,172,625	27,577,625
2034-2038	20,925,000	6,528,375	27,453,375
2039-2041	15,245,000	1,168,125	16,413,125
	$ 77,405,000	$ 51,199,575	$ 128,604,575

NOTE 4 LONG-TERM DEBT (Continued)

Revenue Bonds (Continued)

Advanced Refunding/Defeasance of Debt in the Current Year

As noted above, a portion of the Series 2017A Bonds were used to advance refund the Series 2011A, Series 2013, and Series 2015 Bonds and the Series 2017B Bonds were used to advance refund the Series 2011B Bonds. The refunding increased UIA's total debt service by $12,919,685 and resulted in an economic loss (difference between the present value of the debt service on the old and new bonds) of $3,892,766. The net proceeds from the Series 2017A and Series 2017B Bonds (collectively, the Series 2017 Bonds) used for the refunding totaled $64,802,106 and together with an equity contribution from UIA in the amount of $1,486,149 were placed in a trust account with Zions Bank, the escrow agent for the defeasance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in UIA's financial statements. At June 30, 2018, $58,330,000 of the bonds remained outstanding and are considered defeased.

The escrow agent is authorized to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of the United States of America (Government Securities) and establish a beginning cash balance for future debt service payments on the refunded bonds. The escrow agent is not authorized to sell, transfer, or otherwise dispose of or make substitutions of the Government Securities without UIA's authorization. No substitutions were requested as of June 30, 2018.

Capital Lease

Capital leases consist of the following:

UIA is obligated under a lease for the use of a fiber optic network from Utah Telecommunications Open Infrastructure Agency (UTOPIA), a related party. The terms and options contained in the lease have effectively created a financing arrangement, so UIA is required to record this transaction as a capital lease. Terms of the lease were renegotiated in December 2013. Lease payments of $54,583 are paid monthly beginning December 2013 including imputed interest at 1.09%. The capitalized cost of fiber optic network is $18,176,963, with accumulated depreciation of $4,970,291.	$ 1,012,403
Total Capital Lease	1,012,403
Less current portion	(647,187)
Noncurrent portion	$ 365,216

NOTE 4 LONG-TERM DEBT (Continued)

Minimum lease payments for the years ending June 30 are as follows:

2019	$ 655,000
2020	366,502
Total minimum lease payments	1,021,502
Less discount, representing imputed interest	(9,099)
Present value of net minimum lease payments	$ 1,012,403

NOTE 5 RELATED PARTY AND COMMITMENTS AND CONTRACTS

<u>Related Party</u>

Management has determined that UIA and UTOPIA are related parties. During the year UTOPIA charged UIA a management fee of $539,945 for administration, accounting/finance, marketing, customer service and outside plant performed on behalf of UIA. Management estimated the actual value of those services to be $1,086,828. The donated services are recorded on the income statement. Since UIA's inception in 2011, UTOPIA has donated management services to UIA valued at approximately $4,100,000.

UIA also leases a building to UTOPIA under an operating lease agreement entered into on May 1, 2017. The term of the lease is five years with a one-year auto renewal. Payments received from UTOPIA for rent totaled $141,600 for the year ended June 30, 2018.

<u>Interlocal Cooperative Agreement</u>

UIA has entered into an Interlocal Cooperative Agreement with UTOPIA, wherein UIA will pay UTOPIA for network configuration, operation, and maintenance fees. The amount of the fees is determined based on the number of connections, subscribers, and services performed. The agreement is renewed annually. UIA recorded expenditures to UTOPIA of $862,823 for the year ended June 30, 2018. Since UIA's inception in 2011, UIA has paid a total of approximately $3,100,000 to UTOPIA for services related to the Interlocal Cooperative Agreement.

NOTE 6 PLEDGING MEMBERS LIABILITY AND COMMITTMENTS

The eight Pledging Members of UIA have pledged energy sales and use tax revenues to ensure that UIA fulfills its revenue requirement from the bond agreements. UIA is required by the Series 2017 A & B bond covenants to have revenue equal to the operations and maintenance expenses and the capital costs in a fiscal year. In the event there is a shortfall, the pledging cities agree to lend its energy sales and use tax revenues in the maximum annual principal allocated to each city as set forth below:

Pledging Member	2018 Share of Total Max. Pledge	2018 Maximum Pledge *
Brigham City	0.62%	$ 31,831
Centerville City	3.63%	186,737
Layton City	18.20%	937,272
Lindon City	3.35%	172,516
Midvale City	6.60%	339,988
Murray City	13.40%	690,241
Orem City	23.76%	1,223,786
West Valley City	30.44%	1,568,781
	100.00%	$ 5,151,152

* These amounts are the estimated maximum annual amount of franchise tax revenue payable by each city.

The Second Amended and Restated Interlocal Cooperative Agreement of UIA provides that the UIA Board of Directors may establish Working Capital Assessments to the Member Cities, the payment of which is subject to the appropriations authority of the governing bodies of the Member Cities. UIA has utilized this mechanism to pay certain operating expenses in order to avoid a shortfall under the Communications Services Contracts between UIA and the Member Cities. Under a shortfall scenario, UIA would be obligated to notify the Member Cities of their respective obligations to utilize Energy Sales and Use Taxes to replenish the shortfall. Provided enough cities pay their Working Capital Assessments, no shortfall exists and therefore, no obligation from Energy Sales and Use Taxes. The paid assessments, along with cumulative accrued interest of $153,326 for a total of $3,555,993, have been recorded as notes payable to the cities. For the year ended June 30, 2018, UIA paid a total of $211,105 back to the cities that were current on their assessments.

NOTE 6 PLEDGING MEMBERS LIABILITY AND COMMITMENTS (Continued)

The schedule below summarizes the cumulative totals paid by the cities:

City	2018 OpEx Assessments Paid	Cumulative Paid	2018 Payments to Cities	Cumulative Remaining
Brigham City	$ -	$ 34,824	$ (9,310)	$ 25,514
Centerville City	-	221,373	-	221,373
Layton City	-	623,750	(46,471)	577,279
Lindon City	-	118,155	-	118,155
Midvale City	-	307,486	(16,858)	290,628
Murray City	-	141,666	-	141,666
Orem City	-	1,099,242	(60,680)	1,038,562
Payson	-	50,000	-	50,000
West Valley City	-	1,017,276	(77,786)	939,490
	$ -	$ 3,613,772	$ (211,105)	$ 3,402,667

NOTE 7 SUBSEQUENT EVENTS

On July 11, 2018, UIA issued $21,810,000 of Telecommunications Revenue Bonds, Series 2018A to fund the acquisition, construction, and installation of the fiber-optic network. Principal payments on the bonds are due in annual installments of $550,000 to $1,635,000 beginning in 2020 through 2041, with interest at 5 to 5.375% due semi-annually beginning in 2019.

On August 15, 2018, UIA issued $22,285,000 of Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018 to fund the acquisition, construction, and installation of the fiber-optic network in Layton City. Principal payments on the bonds are due in annual installments of $150,000 to $1,515,000 beginning in 2022 through 2045, with interest at 3 to 5% due semi-annually beginning in 2019.