

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2021 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.



\$66,135,000
Park City, Utah



**Water Revenue and Refunding Bonds, Series 2021
(Green Bonds)**

The \$66,135,000 Water Revenue and Refunding Bonds, Series 2021 (Green Bonds), are issued by the City as fully-registered bonds and will be initially issued in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2021 Bonds.

Principal of and interest on the 2021 Bonds (interest payable June 15 and December 15 of each year, commencing June 15, 2022) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2021 BONDS—Book—Entry System" herein.

The 2021 Bonds are subject to optional redemption prior to maturity. See "THE 2021 BONDS—Redemption Provisions" herein. The 2021 Bonds are being designated as "green bonds" by Kestrel Verifiers see "DESIGNATION OF 2021 BONDS AS GREEN BONDS" herein.

The 2021 Bonds are being issued to (i) fund certain improvements to the City's public works facilities for water; (ii) refund prior bonds issued by the City; and (iii) for the payment of costs associated with the issuance of the 2021 Bonds. See "THE 2021 BONDS—Plan Of Refunding," "Sources And Uses Of Funds," and "THE PROJECTS" herein. The 2021 Bonds and Outstanding Parity Bonds previously issued by the City will be equally and ratably secured under the Indenture.

The 2021 Bonds are payable solely from and secured solely by a pledge and assignment of certain net revenues derived by the City from its water system and other funds pledged under the Indenture on parity with certain outstanding obligations of the City. The 2021 Bonds are not obligations of the State of Utah or any other Political subdivision thereof, other than the City, and neither the faith and credit nor the taxing power of the State of Utah or any political subdivision thereof, including the City, is pledged for the payment of the 2021 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS" herein.

Dated: Date of Delivery¹

Due: December 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2021 Bonds

The 2021 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on September 30, 2021 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to FHN Financial Capital Markets at a "true interest rate" of 1.89%.

Zions Public Finance, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This OFFICIAL STATEMENT is dated September 30, 2021 and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Wednesday, October 13, 2021.

Park City, Utah

\$66,135,000

Water Revenue and Refunding Bonds, Series 2021 (Green Bonds)



Dated: Date of Delivery¹

Due: December 15, as shown below

<u>Due December 15</u>	<u>CUSIP® 700251</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2022.....	ES6	\$2,175,000	5.00 %	0.17%
2023.....	ET4	2,325,000	5.00	0.23
2024.....	EU1	2,300,000	5.00	0.32
2025.....	EV9	3,280,000	5.00	0.49
2026.....	EW7	3,645,000	5.00	0.64
2027.....	EX5	3,875,000	5.00	0.85
2028.....	EY3	1,930,000	5.00	1.00
2029.....	EZ0	2,020,000	5.00	1.12
2030.....	FA4	2,255,000	5.00	1.21
2031.....	FB2	2,385,000	5.00	1.30 ^c
2032.....	FC0	2,495,000	4.00	1.42 ^c
2033.....	FD8	2,575,000	2.00	1.75 ^c
2034.....	FE6	2,610,000	2.00	1.84 ^c
2035.....	FF3	2,675,000	2.00	1.90 ^c
2036.....	FG1	2,715,000	2.00	1.95 ^c
2037.....	FH9	2,765,000	2.00	100.00
2038.....	FJ5	2,845,000	2.00	2.13
2039.....	FK2	2,880,000	2.125	2.17
2040.....	FL0	9,095,000	2.125	2.22
2041.....	FM8	9,290,000	2.125	2.27

¹ The anticipated date of delivery is Wednesday, October 13, 2021.

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^c Priced to par call on June 15, 2031.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2021 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by any of: Park City, Utah (the “City”); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Zions Bancorporation, National Association, Salt Lake City, Utah, (as Paying Agent); the State of Utah; Kestrel Verifiers, Hood River, Oregon (as Green Bond Verifier), the successful bidder(s); or any other entity. The information contained herein has been obtained from the City, The Depository Trust Company, New York, New York, the State of Utah, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery, or exchange of the 2021 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the City since the date hereof.

The 2021 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such act. Any registration or qualification of the 2021 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2021 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Any representation to the contrary is unlawful.

These 2021 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is a criminal offense.

The yields/prices at which the 2021 Bonds are resold to the public may vary from the initial reoffering yields/prices on the inside cover pages of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial resale prices of the 2021 Bonds to dealers and others. With any offering of the 2021 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2021 Bonds. Such transactions may include overallocments in connection with the purchase of 2021 Bonds and the purchase of 2021 Bonds to stabilize their market price. Such transactions, if commenced, may be discontinued at any time.

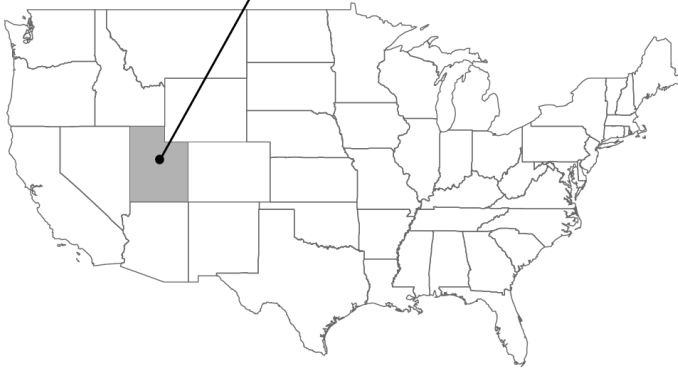
Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions, or circumstances on which such statements are based occur. See in particular “PROJECTED DEBT SERVICE COVERAGE” herein.***

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City makes no representation with respect to such numbers or undertakes any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2021 Bonds.

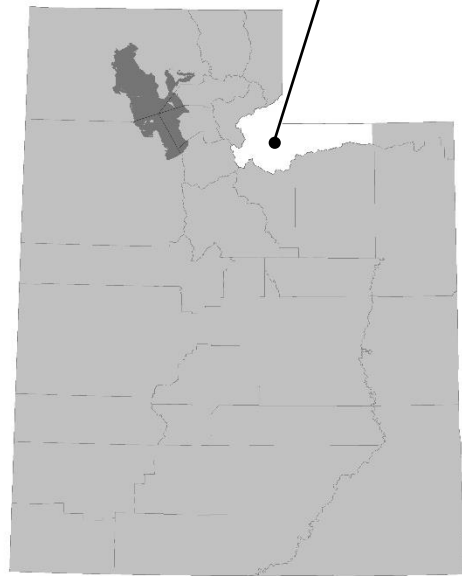
References to web sites presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this OFFICIAL STATEMENT for purposes of, and as that term is defined in, United States Securities and Exchange Commission Rule 15c2-12.

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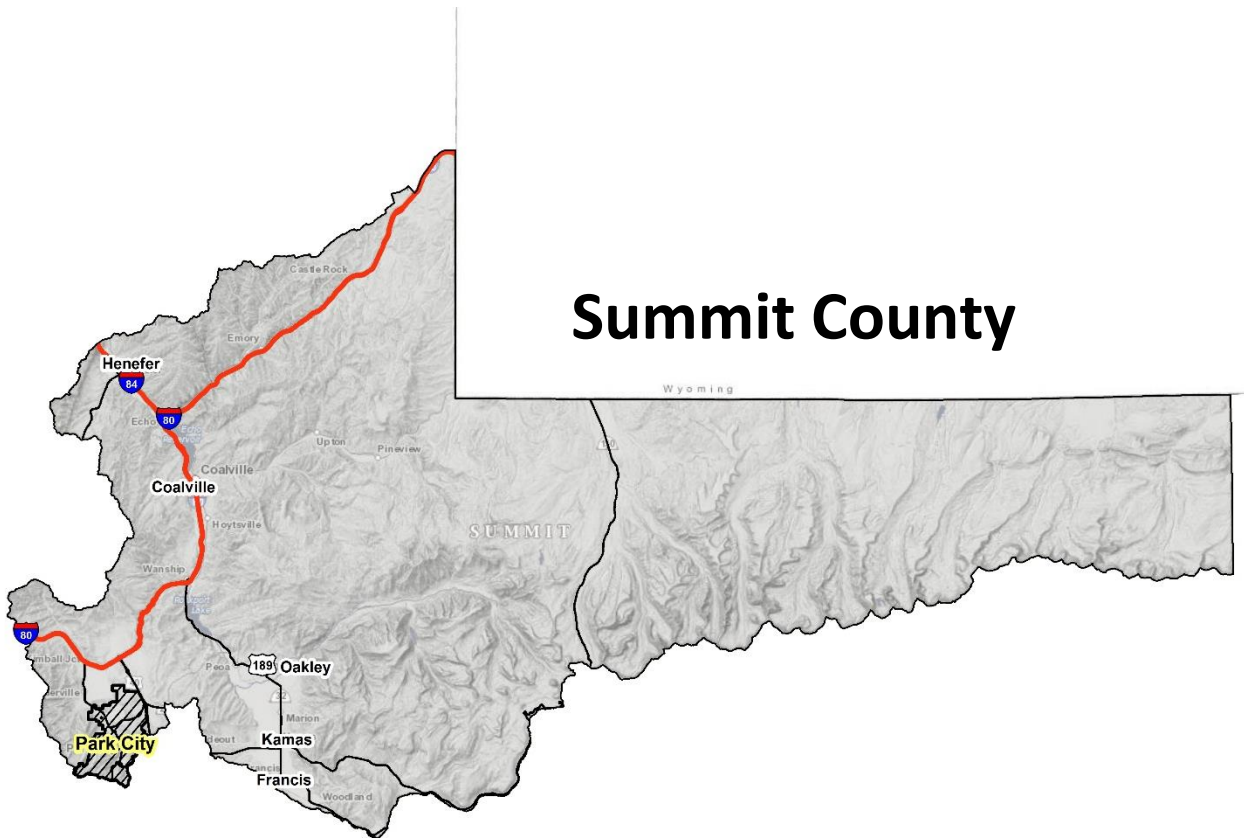
Utah



Summit County



Summit County



OFFICIAL STATEMENT RELATED TO

\$66,135,000

Park City, Utah

Water Revenue and Refunding Bonds, Series 2021 (Green Bonds)

INTRODUCTION

This introduction is only a brief description of the 2021 Bonds, as hereinafter defined, the security and source of payment for the 2021 Bonds and certain information regarding Park City, Utah (the “City”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020;” “APPENDIX B—THE GENERAL INDENTURE OF TRUST;” “APPENDIX C—FORM OF OPINION OF BOND COUNSEL;” “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING;” “APPENDIX E—BOOK-ENTRY SYSTEM;” and “APPENDIX F—SECOND PARTY OPINION GREEN BONDS DESIGNATION.”

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”; or “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. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Resolutions (as hereinafter defined).

Impact Of Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus known as COVID-19 (“COVID-19”) began spreading throughout the world and has been characterized by the World Health Organization as a pandemic disease. COVID-19 is currently affecting global, national, state, and local economic activity, including that of the City, and consequently may impact the financial condition of the City. Because the OFFICIAL STATEMENT relies on historical data for financial information about the City (and all of the services that the City provides its residents), such information may not necessarily predict future trends accurately.

Significant developments regarding COVID-19 continue to occur daily and the extent to which COVID-19 may impact the City in the future is uncertain and cannot be predicted. ***However, the City does not expect COVID-19 to negatively impact the City’s ability to pay principal of and interest on the 2021 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS” below. For a discussion of the City’s response to COVID-19 see “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Management’s Current Discussion And Analysis Of Financial Operations—Potential Impact Of The Coronavirus (COVID-19)” below.***

Public Sale/Electronic Bid

The 2021 Bonds were awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on September 30, 2021 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to FHN Financial Capital Markets at a “true interest rate” of 1.89%.

Park City, Utah

The City, incorporated in 1884, covers an area of approximately 18 square miles and is in the southwest portion of the County, approximately 30 miles east of Salt Lake City, Utah. A small portion of the City overlaps into Wasatch County, Utah. The City had 8,526 residents per the 2019 U.S. Census Bureau estimates. See “PARK CITY, UTAH” below.

The 2021 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices (the “OFFICIAL STATEMENT”), provides information in connection with the issuance and sale by the City of its \$66,135,000 Water Revenue and Refunding Bonds, Series 2021 (Green Bonds) (the “2021 Bonds” or “2021 Bond”), initially issued in book–entry form.

Authority And Purpose Of The 2021 Bonds; Outstanding Parity Bonds

Authority And Purpose Of The 2021 Bonds. The 2021 Bonds are being issued pursuant to: (i) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Utah Code”) and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code (collectively, the “Bond Act”), (ii) resolutions of the City Council adopted on April 16, 2020 and September 2, 2021 (collectively, the “Resolution”); and (iii) a General Indenture of Trust, dated as of December 1, 2002, as heretofore supplemented and amended (the “General Indenture”), between the City and Zions Bancorporation, National Association, Salt Lake City, Utah (“Zions Bancorporation”), as successor trustee (the “Trustee”), and as further supplemented by a Thirteenth Supplemental Indenture of Trust, dated as of October 1, 2021 (the “Thirteenth Supplemental Indenture of Trust”), between the City and the Trustee providing for the issuance of the 2021 Bonds. The General Indenture, together with all amendments or supplements thereto, including without limitation the Thirteenth Supplemental Indenture of Trust, is sometimes referred to collectively herein, as the “Indenture.”

The 2021 Bonds are being issued (i) to fund certain improvements to the City’s public works facilities for water; (ii) to refund prior bonds issued by the City; and (iii) for the payment of costs associated with the issuance of the 2021 Bonds. See “THE 2021 BONDS—Plan of Refunding,” “—Sources And Uses Of Funds,” and “THE PROJECTS” below.

Outstanding Parity Bonds. The 2021 Bonds and the hereinafter described Outstanding Parity Bonds previously issued by the City will be equally and ratably secured under the Indenture. The following bonds of the City are currently outstanding under the Indenture:

(i) \$2,500,000, Taxable Water Revenue Bonds, Series 2009A, currently outstanding in the aggregate principal amount of \$1,000,000 (the “2009A Bonds”);

(ii) \$4,160,000, Water Revenue Bonds, Series 2012, currently outstanding in the aggregate principal amount of \$1,925,000 (the “2012 Bonds”); after the refunding of the outstanding 2012 Bonds, the remaining aggregate principal amount will be \$0 (*certain bond proceeds from the 2021 Bonds will call and retire the 2012 Bonds maturing on and after June 15, 2022, as described herein*);

(iii) \$5,525,000, Water Revenue and Refunding Bonds, Series 2012B, currently outstanding in the aggregate principal amount of \$5,525,000 (the “2012B Bonds”); after the refunding of the outstanding 2012B Bonds, the remaining aggregate principal amount will be \$0 (*certain bond proceeds from the 2021 Bonds will call and retire the 2012B Bonds maturing on December 15, 2026 and December 15, 2027, as described herein*);

(iv) \$2,830,000, Water Revenue Refunding Bonds, Series 2013A, currently outstanding in the aggregate principal amount of \$1,260,000 (the “2013A Bonds”);

(v) \$4,115,000, Water Revenue Bonds, Series 2014, currently outstanding in the aggregate principal amount of \$4,115,000 (the “2014 Bonds”); and

(vi) \$75,515,000, Water Revenue and Refunding Bonds, Series 2020 (Green), currently outstanding in the aggregate principal amount of \$73,495,000 (the “2020 Bonds”).

The 2009A Bonds, the 2012 Bonds, the 2012B Bonds, the 2013A Bonds, the 2014 Bonds, and the 2020 Bonds are referred to herein as, the “Outstanding Parity Bonds.” The Outstanding Parity Bonds as of the closing and delivery of the 2021 Bonds (and the refunding of the 2012 Refunded Bonds and the 2012B Refunded Bonds, as hereinafter defined), will be \$79,870,000.

Security For The 2021 Bonds; Additional Bonds

Security for the 2021 Bonds. The 2021 Bonds are special, limited obligations of the City, payable from and secured solely by a pledge and assignment of the Net Revenues from the System (as such terms are hereinafter defined) and moneys on deposit in the funds and accounts (other than the Rebate Fund) held by the Trustee under the Indenture.

The Revenues of the System will be applied to pay the Operation and Maintenance Expenses (as hereinafter defined) of the System before being applied to pay principal of and interest on the 2021 Bonds.

The 2021 Bonds will not be a general obligation of the City or the State or any agency, instrumentality, or political subdivision thereof. Neither the faith and credit nor the taxing power of the City or the State or any agency, instrumentality or political subdivision thereof will be assigned or pledged for the payment of principal of, premium, if any, and interest on the 2021 Bonds. The issuance of the 2021 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation for the payment of the 2021 Bonds. The City will not mortgage or grant a security interest in the System or any portion thereof to secure payment of the 2021 Bonds.

Additional Bonds. The 2021 Bonds are secured on a parity lien with the Outstanding Parity Bonds and with any additional bonds, notes or other obligations that may be issued from time to time under the Indenture (the “Additional Bonds”). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS—Issuance Of Additional Bonds” below. The 2021 Bonds, the Outstanding Parity Bonds and any Additional Bonds which may be issued from time to time under the Indenture are collectively referred to herein as the “Bonds.”

See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS” below.

No Debt Service Reserve Fund For The 2021 Bonds

Pursuant to the Indenture, each Series of Bonds are secured by a separate subaccount in the Debt Service Reserve Fund as described in the Indenture.

The 2021 Bonds. Upon the issuance of the 2021 Bonds there will be no funding of an account in the Debt Service Reserve Fund with respect to the 2021 Bonds.

Redemption Provisions

The 2021 Bonds are subject to optional redemption prior to maturity. See “THE 2021 BONDS—Redemption Provisions” below.

Registration, Denominations, Manner Of Payment

The 2021 Bonds are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, (“DTC”). DTC will act as securities depository of the 2021 Bonds. Purchases of 2021 Bonds will be made in book–entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC’s Participants (as defined herein). Beneficial Owners (as defined herein) of the 2021 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2021 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX E—BOOK–ENTRY SYSTEM.”

Principal of and interest on the 2021 Bonds (interest payable June 15 and December 15 of each year, commencing June 15, 2022) are payable by Zions Bancorporation, as Paying Agent for the 2021 Bonds, to the registered owners of the 2021 Bonds. So long as Cede & Co. is the sole registered owner, it will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2021 Bonds, as described under “APPENDIX E—BOOK–ENTRY SYSTEM.”

So long as DTC or its nominee is the sole registered owner of the 2021 Bonds, neither the City nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants, or the Beneficial Owners of the 2021 Bonds. Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2021 Bonds.

Tax Matters Regarding the 2021 Bonds

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel is also of the opinion that the interest on the 2021 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” below. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2021 Bonds.

See “TAX MATTERS” below for a more complete discussion.

Professional Services

In connection with the issuance of the 2021 Bonds, the following have served the City in the capacity indicated.

Trustee, Bond Registrar, and Paying Agent
Zions Bancorporation, National Association
Corporate Trust Department
One S Main St 12th Fl
Salt Lake City UT 84133–1109
801.844.8517 | f 855.547.5637
verena.critser@zionsbancorp.com

Bond Counsel and Disclosure Counsel
Gilmore & Bell P.C.
15 W S Temple Ste 1450
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
rlarsen@gilmorebell.com

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

Green Bond Verifier (Second Party Opinion)
Kestrel Verifiers
2700 Wells Dr
Hood River OR 97031
541.399.6806
info@kestrelverifiers.com

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

The 2021 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the 2021 Bonds by Gilmore & Bell P.C., Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Margaret D. Plane, City Attorney. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the City by Gilmore & Bell P.C., Disclosure Counsel to the City. It is expected that the 2021 Bonds, in book–entry form, will be available for delivery to DTC or its agent, on or about Wednesday, October 13, 2021.

Continuing Disclosure Undertaking

The City will execute a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2021 Bonds. For a detailed discussion of this undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the City and the 2021 Bonds are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and the 2021 Bonds are qualified in their entirety by reference to each such document. See “APPENDIX B—THE GENERAL INDENTURE OF TRUST.”

Descriptions of the Indenture and the 2021 Bonds are qualified by reference to bankruptcy and other laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. See “APPENDIX B—THE GENERAL INDENTURE OF TRUST.” Other documentation authorizing the issuance of the 2021 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction may be obtained from the “contact persons” as indicated below.

(The remainder of this page has been intentionally left blank.)

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”):

Brian Baker, Vice President, brian.baker@zionsbancorp.com

Cara Bertot, Vice President, cara.bertot@zionsbancorp.com

Zions Public Finance Inc.
One S Main St 18th Fl
Salt Lake City UT 84133–1109
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As of the date of this OFFICIAL STATEMENT, the chief contact person for the City concerning the 2021 Bonds is:

Jed Briggs, Budget & Strategic Planning Director

jed.briggs@parkcity.org

Park City Municipal Corporation
445 Marsac Ave
(PO Box 1480)
Park City UT 84060
435.615.5000 | f 801.852.6107

DESIGNATION OF 2021 BONDS AS GREEN BONDS

Green Bonds Designation

The 2021 Bonds are being designated as “Green Bonds” based on the sustainable and environmentally beneficial elements of the projects to be financed or re-financed with the proceeds of the 2021 Bonds. As per International Capital Market Association (the “ICMA”), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bonds Principles. The four core components are: (i) Use of Proceeds; (ii) Process for Project Evaluation and Selection; (iii) Management of Proceeds; and (iv) Reporting.

The City has obtained an independent external review from Kestrel Verifiers, a Climate Bonds Initiative Approved Verifier, which confirms that the 2021 Bonds are aligned with the four pillars of the ICMA Green Bond Principles in the eligible project categories of Sustainable Water Management and Green Buildings. This is described in Kestrel Verifiers’ ‘Second Party Opinion,’ see “APPENDIX F—SECOND PARTY OPINION FOR GREEN BONDS DESIGNATION.”

The cost of the Green Bonds designation is paid for by the City.

Green Use Of Proceeds And Environmental Objectives

Proceeds of the 2021 Bonds will be used to construct new water infrastructure and to refund bonds previously issued to finance capital improvements to the City’s water system. The new money portion of the 2021 Bonds will primarily fund a new water treatment plant which is designed to align with the City’s net zero energy goals. The 3Kings Water Treatment Plant, replaces an outdated facility and will allow the City to treat over seven million gallons of water daily (“MGD”), including four MGD of mining-influenced water. See “THE PROJECTS” below. Environmental benefits of the new water treatment facility include reduced energy use with a zero-net energy facility, improved environmental water quality from treating the mining influenced water, and improved drinking water supply reliability from the modernized treatment processes and expanded capacity. Two bonds which were used previously to finance capital improvements to the drinking water system will be refunded with the Green Bonds. See “THE 2021 BONDS—Plan of Refunding” below. All of these activities meet the Green Bonds eligible project categories of Sustainable Water Management. As a zero net energy building, the 3Kings Water Treatment Plant is also eligible in the category of Green Buildings.

Independent Second Party Opinion Disclaimer

For over 20 years, Kestrel Verifiers has been consulting in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is an Approved Verifier accredited by the Climate Bonds Initiative (CBI) and an Observer for the ICMA Green Bond Principles and Social Bond Principles. Kestrel Verifiers reviews transactions in all asset classes worldwide for align-

ment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and criteria.

The Second Party Opinion issued by Kestrel Verifiers does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the bonds. Designations by Kestrel Verifiers are not a recommendation to any person to purchase, hold, or sell the bonds and such labeling does not address the market price or suitability of these bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel Verifiers has assumed and relied upon the accuracy and completeness of the information made publicly available by the City that was otherwise made available to Kestrel Verifiers.

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2021 Bonds

The City will execute a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2021 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment, and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

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

The City will submit the Fiscal Year 2021 annual comprehensive financial report and other operating and financial information for the 2021 Bonds on or before January 31, 2022 (seven months from the end of the Fiscal Year), and annually thereafter on or before each January 31.

A failure by the City to comply with the Disclosure Undertaking will not constitute a default under the Resolution and the Beneficial Owners of the 2021 Bonds are limited to the remedies described in the Disclosure Undertaking. A failure by the City to comply with the annual disclosure requirements of the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the 2021 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2021 Bonds and their market price.

THE 2021 BONDS

General

The 2021 Bonds are dated the date of delivery¹ thereof (the “Dated Date”) and will mature on December 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2021 Bonds shall bear interest from the Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2021 Bonds is payable semi-annually on each June 15 and December 15, commencing June 15, 2022. Interest on the 2021 Bonds shall be computed on the basis of a 360-day year comprised of 12, 30-day months. Zions Bancorporation is the Trustee and Paying Agent with respect to the 2021 Bonds.

The 2021 Bonds will be issued as fully registered bonds, initially in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, not exceeding the amount of each maturity.

¹ The anticipated date of delivery is Wednesday, October 13, 2021.

Plan Of Refunding

The City has previously issued its:

(i) 2012 Bonds (CUSIP®700251; dated May 31, 2012), currently outstanding in the aggregate principal amount of \$1,925,000, the original proceeds of which were used for financing capital improvement projects to the System; and

(ii) 2012B Bonds (CUSIP®700251; dated December 14, 2012), currently outstanding in the aggregate principal amount of \$5,525,000, the original proceeds of which were used for financing capital improvement projects to the System and refunding water revenue bonds previously issued by the City.

Certain proceeds from the 2021 Bonds, together with other legally available moneys, will be used to (i) call and retire the 2012 Bonds maturing on and after June 15, 2022 on October 19, 2021 (the “2012 Refunded Bonds”) and (ii) call and retire the 2012B Bonds maturing on and after December 15, 2026 on December 15, 2021 (the “2012B Refunded Bonds”).

The 2012 Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (June 15)	Call Date	CUSIP® 700251	Principal Amount	Interest Rate	Call Price
2022.....	October 19, 2021	CX7	\$ 300,000	3.00%	100%
2023.....	October 19, 2021	CY5	310,000	3.00	100
2024.....	October 19, 2021	CZ2	315,000	3.00	100
2025.....	October 19, 2021	DA6	325,000	3.00	100
2026.....	October 19, 2021	DB4	335,000	3.00	100
2027.....	October 19, 2021	DC2	<u>340,000</u>	4.00	100
Totals			<u>\$1,925,000</u>		

The 2012B Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (December 15)	Call Date	CUSIP® 700251	Principal Amount	Interest Rate	Call Price
2026.....	December 15, 2021	DD0	\$2,525,000	2.25%	100%
2027.....	December 15, 2021	DE8	<u>3,000,000</u>	2.25	100
Totals			<u>\$5,525,000</u>		

Sources And Uses Of Funds

The proceeds from the sale of the 2021 Bonds are estimated to be applied as set forth below:

<i>Sources</i>	
Par amount of 2021 Bonds.....	\$66,135,000.00
Original issue premium.....	6,476,468.90
Transfers from prior debt service reserve funds.....	<u>914,650.00</u>
Total.....	<u>\$73,526,118.90</u>
<i>Uses</i>	
Deposit into 2021 Project Account	\$65,000,000.00
2021 Bond proceeds for current period refunding	7,533,219.03
Original issue discount.....	424,157.60
Costs of issuance (1).....	332,842.82
Underwriter’s (successful bidder’s) discount.....	<u>235,899.45</u>
Total.....	<u>\$73,526,118.90</u>

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

(Source: Municipal Advisor.)

Redemption Provisions

Optional Redemption. The 2021 Bonds maturing on or after December 15, 2031 are subject to redemption at the option of the City on June 15, 2031 (the “First Redemption Date”), and on any date thereafter prior to maturity, in whole or in part,

from such maturities or parts thereof as will be selected by the City, at a redemption price equal to 100% of the principal amount of the 2021 Bonds to be redeemed, plus accrued interest thereon to the redemption date. 2021 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Selection for Redemption. If less than all the 2021 Bonds of any maturity are to be redeemed, the particular 2021 Bonds or portions of 2021 Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee, in its discretion, may deem proper in order to assure each Registered Owner a fair opportunity to have their 2021 Bond or portions thereof selected. In case any 2021 Bond shall be redeemed in part only, upon the presentation of such 2021 Bond for such partial redemption the City shall execute, and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the City, a Bond or Bonds of the same series, interest rate, and maturity, in aggregate principal amount equal to the unredeemed portion of such 2021 Bond. In selecting a portion of any 2021 Bonds of a denomination of more than \$5,000, the Trustee will treat each such 2021 Bond as representing that number of 2021 Bonds that is obtained by dividing the principal amount of such 2021 Bonds by \$5,000.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by registered or certified mail, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE 2021 BONDS—Registration And Transfer; Record Date” below, of each 2021 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the City kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2021 Bonds are to be redeemed, the distinctive numbers of the 2021 Bonds or portions of 2021 Bonds to be redeemed, and will also state that the interest on the 2021 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2021 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2021 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the City will not be required to redeem such 2021 Bonds. If such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2021 Bond will not affect the validity of the proceedings for redemption with respect to any other 2021 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to DTC and certain registered securities depositories and national information services as provided in the Indenture, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Indenture.

For so long as a book–entry system is in effect with respect to the 2021 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2021 Bonds. See “THE 2021 BONDS—Book–Entry System” below.

Registration And Transfer; Record Date

Registration and Transfer. In the event the book–entry only system is discontinued, any 2021 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2021 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2021 Bond is surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully registered 2021 Bond or 2021 Bonds of the same series, designation, maturity, and interest rate and of authorized denominations duly executed by the City, for a like aggregate principal amount.

The 2021 Bonds may be exchanged at the principal corporate office of the Bond Registrar for a like aggregate principal amount of fully registered 2021 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2021 Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2021 Bonds.

Record Date. Except as otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Bond Registrar will not be required to transfer or exchange any 2021 Bond (a) after the Record Date, as defined below, with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2021 Bond. The term Record Date means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2021 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2021 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such 2021 Bond for the purpose of payment of principal, premium and interest with respect to such 2021 Bond and for all other purposes whatsoever.

Book-Entry System

DTC will act as securities depository for the 2021 Bonds. The 2021 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2021 Bond certificate will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a “fast agent” of DTC. See “APPENDIX E—BOOK-ENTRY SYSTEM” for a more detailed discussion of the book-entry system and DTC.

Debt Service On The 2021 Bonds

Payment Date	The 2021 Bonds		Period Total	Fiscal Total
	Principal	Interest		
June 15, 2022.....	\$ 0.00	\$1,468,725.73	\$1,468,725.73	\$1,468,725.73
December 15, 2022.....	2,175,000.00	1,092,440.63	3,267,440.63	
June 15, 2023.....	0.00	1,038,065.63	1,038,065.63	4,305,506.26
December 15, 2023.....	2,325,000.00	1,038,065.63	3,363,065.63	
June 15, 2024.....	0.00	979,940.63	979,940.63	4,343,006.26
December 15, 2024.....	2,300,000.00	979,940.63	3,279,940.63	
June 15, 2025.....	0.00	922,440.63	922,440.63	4,202,381.26
December 15, 2025.....	3,280,000.00	922,440.63	4,202,440.63	
June 15, 2026.....	0.00	840,440.63	840,440.63	5,042,881.26
December 15, 2026.....	3,645,000.00	840,440.63	4,485,440.63	
June 15, 2027.....	0.00	749,315.63	749,315.63	5,234,756.26
December 15, 2027.....	3,875,000.00	749,315.63	4,624,315.63	
June 15, 2028.....	0.00	652,440.63	652,440.63	5,276,756.26
December 15, 2028.....	1,930,000.00	652,440.63	2,582,440.63	
June 15, 2029.....	0.00	604,190.63	604,190.63	3,186,631.26
December 15, 2029.....	2,020,000.00	604,190.63	2,624,190.63	
June 15, 2030.....	0.00	553,690.63	553,690.63	3,177,881.26
December 15, 2030.....	2,255,000.00	553,690.63	2,808,690.63	
June 15, 2031.....	0.00	497,315.63	497,315.63	3,306,006.26
December 15, 2031.....	2,385,000.00	497,315.63	2,882,315.63	
June 15, 2032.....	0.00	437,690.63	437,690.63	3,320,006.26
December 15, 2032.....	2,495,000.00	437,690.63	2,932,690.63	
June 15, 2033.....	0.00	387,790.63	387,790.63	3,320,481.26
December 15, 2033.....	2,575,000.00	387,790.63	2,962,790.63	
June 15, 2034.....	0.00	362,040.63	362,040.63	3,324,831.26
December 15, 2034.....	2,610,000.00	362,040.63	2,972,040.63	
June 15, 2035.....	0.00	335,940.63	335,940.63	3,307,981.26
December 15, 2035.....	2,675,000.00	335,940.63	3,010,940.63	
June 15, 2036.....	0.00	309,190.63	309,190.63	3,320,131.26
December 15, 2036.....	2,715,000.00	309,190.63	3,024,190.63	
June 15, 2037.....	0.00	282,040.63	282,040.63	3,306,231.26

Debt Service On The 2021 Bonds—continued

Payment Date	The 2021 Bonds		Period Total	Fiscal Total
	Principal	Interest		
December 15, 2037.....	\$ 2,765,000.00	\$ 282,040.63	\$ 3,047,040.63	
June 15, 2038.....	0.00	254,390.63	254,390.63	\$3,301,431.26
December 15, 2038.....	2,845,000.00	254,390.63	3,099,390.63	
June 15, 2039.....	0.00	225,940.63	225,940.63	3,325,331.26
December 15, 2039.....	2,880,000.00	225,940.63	3,105,940.63	
June 15, 2040.....	0.00	195,340.63	195,340.63	3,301,281.26
December 15, 2040.....	9,095,000.00	195,340.63	9,290,340.63	
June 15, 2041.....	0.00	98,706.25	98,706.25	9,389,046.88
December 15, 2041.....	<u>9,290,000.00</u>	<u>98,706.25</u>	<u>9,388,706.25</u>	9,388,706.25
Totals.....	<u>\$66,135,000.00</u>	<u>\$22,014,991.54</u>	<u>\$88,149,991.54</u>	

(Source: Municipal Advisor.)

SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS

Pledge Of The Indenture

The 2021 Bonds are special limited obligations of the City, payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts pledged therefor under the Indenture, including the investments thereof.

The 2021 Bonds will be special limited obligations of the City, payable solely from the Net Revenues of the System. Neither the credit nor the taxing power of the City or the State or any agency, instrumentality, or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the 2021 Bonds. The 2021 Bonds are not general obligations of the City, the County, the State or any agency, instrumentality, or political subdivision thereof. The issuance of the 2021 Bonds shall not directly, indirectly, or contingently obligate the City, the County or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the 2021 Bonds.

“System” means the City’s water system, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses, water rights and rights of way of the City and all other works, property, structures, equipment of the City and contract rights and other tangible and intangible assets of the City now or hereafter owned or used in connection with, or related to the System (the “System”).

“Revenues” means all revenues, fees (including impact fees to the extent such impact fees can legally be used for the purposes financed hereunder), income, rents and receipts received or earned by the City from or attributable to the ownership and operation of the System, together with all interest earned by and profits derived from the sale of investments in the related funds thereof (the “Revenues”).

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, necessary to keep the System in efficient operating condition, including cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Reserve Instrument Costs and, generally all expenses, exclusive of depreciation, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

Operation and Maintenance Expenses shall not include expenses of the City that are one-time capital expenditures that are paid from the City’s Water Capital Improvement Fund, including, but not limited to, costs associated with exploratory water wells, such as geological and geophysical studies, rights of access to properties to conduct water well studies, and consulting fees of geologists, geophysical crews and others conducting those studies.

“Net Revenues” means the Revenues after provision has been made for the payment of Operation and Maintenance Expenses.

Flow Of Funds

Under the Indenture, all Revenues derived by the City from the System are accounted for and maintained by the City in the Revenue Fund and applied in the following order of priority:

First, the City will pay all Operation and Maintenance Expenses of the System;

Second, the City will, at least 15 days before each Interest Payment Date, transfer, and deposit into the Bond Fund, from the Revenue Fund, an amount equal to (i) the interest falling due on the next interest payment date, plus (ii) the principal and premium, if any, falling due on the next succeeding interest payment date;

Third, the City will deposit monthly to the Debt Service Reserve Fund, if required, any amount necessary to satisfy the Debt Service Reserve Requirement for any Series of Bonds or to pay such amount that is required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement;

Fourth, the City shall deposit in the Repair and Replacement Fund, the amount necessary to satisfy any Repair and Replacement Reserve Requirement, as may be established from time to time under the Indenture (currently, there is no Repair and Replacement Reserve Requirement); and

Fifth, the City shall use the balance of the Net Revenues for redemption of Bonds for cancellation prior to maturity; the refinancing, refunding, or advance refunding of any Bonds; or for any other lawful municipal purpose.

No Debt Service Reserve Fund For The 2021 Bonds; Outstanding Parity Bonds Debt Service Reserve Funds

Under the Indenture, each Series of Outstanding Bonds, for which a Debt Service Reserve Requirement is established, is secured by a separate Series Account in the Debt Service Reserve Fund.

No Debt Service Reserve Fund for the 2021 Bonds. Upon the issuance of the 2021 Bonds there will be no funding of an account in the Debt Service Reserve Fund with respect to the 2021 Bonds.

Outstanding Parity Bonds Debt Service Reserve Funds.

The 2009A Bonds. The 2009A Bonds are secured by cash in the 2009A Debt Service Reserve Account in the amount of approximately \$125,000.

The 2012 Bonds. The 2012 Bonds are being refunded by a portion of the 2021 Bonds. The amount in the 2012 Debt Service Reserve Account of approximately \$362,300 will be used to call and retire outstanding 2012 Bonds.

The 2012B Bonds are being refunded by a portion of the 2021 Bonds. The amount in the 2012B Debt Service Reserve Account of approximately \$554,000 will be used to call and retire the outstanding 2012B Bonds.

The 2013A Bonds. The 2013A Bonds are secured by cash in the 2013A Debt Service Reserve Account in the amount of approximately \$268,300.

The 2014 Bonds. The 2014 Bonds are secured by cash in the 2014 Debt Service Reserve Account in the amount of approximately \$411,600.

The 2020 Bonds. The 2020 Bonds are not secured by a Debt Service Reserve Account.

Rate Covenant

The City covenants in the Indenture that the rates, including connection fees, for all services supplied by the System, will be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Net Revenues for each Bond Fund Year of not less than (i) 120% and (ii) 100% on the basis of Net Revenues, less that portion of the Revenues for such period attributable to “one time charge” revenues (such as impact fees and hook-up fees), in either case of the Aggregate Annual Debt Service Requirement for such year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture, or if a Reserve Instrument is in effect with respect to any of the Bonds Outstanding, the Reserve Instrument Repayment Obligations that the City anticipates will be due and payable for such year; provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. Except for (i) water used by the City for municipal purposes and (ii) services of the System to supply water to the Park City Mountain (Vail) Resort and Deer Valley Ski Resort for snow making purposes, the City cannot provide free service, and rates must be

charged against all users of the System. The City agrees in the Indenture that if its annual financial statements disclose that during the period covered by such financial statements the Net Revenues were not at least equal to the above requirement, the City will request that a qualified engineer make recommendations as to the revision of the rates, charges and fees and that the City on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Costs so as to produce the necessary Net Revenues required.

To help pay for the Projects and other System projects, the City implemented a 3% water rate increase for Fiscal Year 2021; an additional 3% water rate increase in Fiscal Year 2022; and the City anticipates increasing water rates by an additional 3% in each year for Fiscal Years 2023, 2024 and 2025.

Additional Bonds

No additional indebtedness, bonds, or notes of the City payable on a priority to the 2021 Bonds out of Net Revenues shall be incurred. Additional Bonds payable on a parity with the 2021 Bonds out of Net Revenues may be issued for the purpose of financing or refunding obligations issued by the City to finance the acquisition or construction of additions or improvements to, or the acquisition of resources for use in, the System, if:

- (1) Net Revenues of the System for any year within the 24-month period immediately preceding the authentication and delivery of the Additional Bonds were at least 120% of the total principal, premium, if any, and interest payments for said year on all of the Bonds which were then Outstanding; and
- (2) the Estimated Net Revenues in the two Bond Fund Years succeeding the latest estimated date of completion of the project to be financed with the Additional Bonds to be issued (i) are not less than 120% of the Aggregate Annual Debt Service Requirement for each such Bond Fund Year with respect to all the Bonds and Additional Bonds that would then be outstanding and (ii) after excluding that portion of the Revenues for such period attributable to “one-time charge” revenues (such as impact fees and hook-up fees), are not less than 100% of the Aggregate Annual Debt Service Requirement of each of such Bond Fund Years with respect to all the Bonds and Additional Bonds that would then be outstanding.

“Estimated Net Revenues” are determined by a qualified engineer as follows: (a) the total Net Revenues for any year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds (for purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds), plus (b) 80% of the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds estimated by a qualified engineer.

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HISTORICAL DEBT SERVICE COVERAGE

The following table shows the past five Fiscal Years of debt service requirement for the Outstanding Parity Bonds, the historical Net Revenues and the debt service coverage amounts. The historical information has been derived from the City's comprehensive audited financial statements for Fiscal Years 2016 through 2020.

	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
Operating revenues					
Charges for services.....	\$ 15,205,729	\$ 17,237,175	\$ 17,924,616	\$ 18,606,759	\$ 18,538,414
Total operating revenues.....	<u>15,205,729</u>	<u>17,237,175</u>	<u>17,924,616</u>	<u>18,606,759</u>	<u>18,538,414</u>
Operating expenses					
Supplies, maintenance, and services.....	\$ 4,454,050	\$ 4,308,237	\$ 4,243,306	\$ 4,372,840	\$ 4,717,469 (1)
Salaries and benefits.....	2,638,481	2,525,321	2,807,730	2,950,635	3,204,546
Energy and utilities.....	1,010,108	1,007,391	956,097	986,418	937,621
Total operating expenses.....	<u>8,102,639</u>	<u>7,840,949</u>	<u>8,007,133</u>	<u>8,309,893</u>	<u>8,859,636</u>
Net operating revenues.....	<u>7,103,090</u>	<u>9,396,226</u>	<u>9,917,483</u>	<u>10,296,866</u>	<u>9,678,778</u>
Non-operating revenues					
Investment income.....	200,191	259,233	208,887	371,806	146,186
Miscellaneous.....	165,917	165,740	166,273	166,985	160,132
Gain/(loss) on sale of capital assets.....	4,950	405	7,088	(726,800)	5,452
Non-operating revenues.....	<u>371,058</u>	<u>425,378</u>	<u>382,248</u>	<u>(188,009)</u>	<u>311,770</u>
Net operating revenues from ongoing operations..	7,474,148	9,821,604	10,299,731	10,108,857	9,990,548
Impact fees (capital contributions) (2).....	<u>1,140,313</u>	<u>1,091,022</u>	<u>1,255,340</u>	<u>1,885,478</u>	<u>1,777,154</u>
Total Net Revenues available for debt service.....	<u>\$ 8,614,461</u>	<u>\$ 10,912,626</u>	<u>\$ 11,555,071</u>	<u>\$ 11,994,335</u>	<u>\$ 11,767,702</u>
Debt service					
2020 Bonds.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2014 Bonds.....	133,737	133,737	133,737	133,737	133,737
2013A Bonds.....	265,250	260,950	266,550	267,000	267,350
2012B Bonds.....	124,312	124,312	124,312	124,312	124,313
2012 Bonds.....	343,550	343,750	348,850	351,200	358,250
2010 Bonds.....	1,091,750	1,092,150	1,092,300	1,086,925	1,089,550
2009C Bonds.....	508,638	508,638	508,638	508,638	2,408,638
2009B Bonds.....	1,896,500	1,896,500	1,896,500	1,900,500	-
2009A Bonds.....	125,000	125,000	125,000	125,000	125,000
Total debt service.....	<u>\$ 4,488,737</u>	<u>\$ 4,485,037</u>	<u>\$ 4,495,887</u>	<u>\$ 4,497,312</u>	<u>\$ 4,506,838</u>
Actual/Projected Debt service coverage (Net Revenues /Total Debt Service).....	<u>1.67X</u>	<u>2.19X</u>	<u>2.29X</u>	<u>2.25X</u>	<u>2.22X</u>
(Net revenues from ongoing operations including impact fees/total debt service).....	<u>1.92X</u>	<u>2.43X</u>	<u>2.57X</u>	<u>2.67X</u>	<u>2.61X</u>
Rate Covenant Requirement.....	<u>1.20X</u>	<u>1.20X</u>	<u>1.20X</u>	<u>1.20X</u>	<u>1.20X</u>

(1) The actual amount depicted in the City's ACFR is \$7,073,133. This amount has been adjusted for the reasons of a one-time expense that is not associated with an asset, a large retainage balance, and an internal permit that does not qualify as an eligible bond expense.

(2) Impact fees are available to pay debt service on 2020 Bonds and 2021 Bonds.

(Source: Compiled by the Municipal Advisor.)

For the City’s historical debt service coverage table on the Bonds, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 19—Water Fund Refunding and Revenue Bonds—Schedule of Net Revenues to Aggregate Debt Service” (ACFR page 129).

PROJECTED DEBT SERVICE COVERAGE

Forward Looking Projected Information. The City does not as a matter of course make public projections as to future revenues, income, or other results, although it does make projections as required by the Indenture. However, the management of the City has prepared the prospective financial information set forth below in the table “Projected Debt Service Coverage,” to present projected Net Revenue of the City for Fiscal Year 2021 (unaudited); and for Fiscal Years 2022 through 2026. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the City’s management, was prepared on a reasonable basis with reasonable assumptions, and reflects the best currently available estimates and judgments and presents, to the best of management’s knowledge and belief, the expected course of action and the expected future financial performance of the City. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this OFFICIAL STATEMENT are cautioned not to place undue reliance on the prospective financial information.

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

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

Projected Revenues, Expenses And Debt Service Coverage

The City’s System remains financially strong as the City continues to invest in its water facilities. While the City’s General Fund and Capital Improvement Fund maintain revenues partially tied to sales tax, the City’s System (water system) revenues are generated through water rate payers. It is possible that water usage slows somewhat as the City navigates COVID–19. Net Revenues from the System are not exposed to consumer discretionary spending in the same manner as sales taxes. See “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—COVID–19 World Pandemic Crisis” below.

Significant developments regarding COVID–19 continue to occur daily and the extent to which COVID–19 will impact the City in the future is highly uncertain and cannot be predicted. *However, the City does not expect the various aspects of COVID–19 to negatively impact the City’s ability to pay the principal of and interest on the 2021 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS” above.*

The following table is a summary of the projected Net Revenues and debt service coverage. The projected information is based on historical and current operating information available to the City as follows.

The City’s projected charges for services to water users has been projected to increase by 3% in Fiscal Year 2021 and 2022 then projected to increase by 3% in each Fiscal Year 2023, 2024, and 2025 (as described herein).

Future water rate increases continue to be projected at 3% per year (as described herein).

The following table is a summary of the projected Net Revenues and debt service coverage. The projected information is based on historical and current operating information available to the City as follows:

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating revenues					
Charges for services (1).....	\$ 19,269,837	\$ 20,222,059	\$ 21,213,858	\$ 22,246,749	\$ 23,329,930
Surplus water sales.....	348,400	1,576,200 (2)	1,417,500 (2)	1,784,500 (2)	2,840,697 (3)
Total operating revenues.....	<u>19,618,237</u>	<u>21,798,259</u>	<u>22,631,358</u>	<u>24,031,249</u>	<u>26,170,627</u>
Operating expenses (4)					
Salaries and benefits.....	\$ 3,258,424	\$ 3,709,472	\$ 3,820,756	\$ 3,935,379	\$ 4,053,440
Supplies, maintenance, and services.....	4,318,865 (5)	4,300,616	4,762,275	5,512,989	7,026,320
Energy and utilities.....	1,224,066	1,208,900	1,245,167	1,282,522	1,320,998
Total operating expenses.....	<u>8,801,355</u>	<u>9,218,988</u>	<u>9,828,198</u>	<u>10,730,890</u>	<u>12,400,758</u>
Net operating revenues.....	<u>10,816,882</u>	<u>12,579,271</u>	<u>12,803,160</u>	<u>13,300,359</u>	<u>13,769,869</u>
Non-operating revenues					
Other revenues (6).....	300,000	300,000	300,000	300,000	300,000
Non-operating revenues.....	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Impact fees.....	1,000,000	1,000,000	750,000	750,000	750,000
Total Net Revenues available for debt service.....	<u>\$ 12,116,882</u>	<u>\$ 13,879,271</u>	<u>\$ 13,853,160</u>	<u>\$ 14,350,359</u>	<u>\$ 14,819,869</u>
Debt service:					
2021 Bonds.....	\$ 0	\$ 1,468,726	\$ 4,305,506	\$ 4,343,006	\$ 4,202,381
2020 Bonds.....	4,541,928	4,550,469	4,566,094	4,526,719	2,314,319
2014 Bonds.....	133,738	133,738	133,738	133,738	2,483,738
2013A Bonds.....	267,600	267,750	262,850	262,900	262,850
2012B Bonds (7).....	124,312	-	-	-	-
2012 Bonds (7).....	359,850	-	-	-	-
2009A Bonds.....	125,000	125,000	125,000	125,000	125,000
Total debt service.....	<u>\$ 5,552,428</u>	<u>\$ 6,545,683</u>	<u>\$ 9,393,188</u>	<u>\$ 9,391,363</u>	<u>\$ 9,388,288</u>
Actual/Projected Debt service coverage (Net Revenues/Total Debt Service).....	<u>2.18X</u>	<u>2.12X</u>	<u>1.47X</u>	<u>1.53X</u>	<u>1.58X</u>
(Net revenues from ongoing operations excluding impact fees/total debt service).....	<u>2.00X</u>	<u>1.97X</u>	<u>1.39X</u>	<u>1.45X</u>	<u>1.50X</u>
Rate Covenant Requirement.....	<u>1.20X</u>	<u>1.20X</u>	<u>1.20X</u>	<u>1.20X</u>	<u>1.20X</u>

(1) The City anticipates to increase water rates 3% each year for the next five years. The City estimates that water connections growth is expected to increase by about 1% each year.

(2) Expected surplus water sales to WBWCD.

(3) Surplus water sales for 2026 is pending extension of the current rolling 5 year surplus contract that ends in Fiscal Year 2025.

(4) Expenses are expected to increase by about 3% per year. Does not include Interfund Transfer from Water Fund to General Fund. Increases starting in 2022 are due to the planned startup of the 3Kings Water Treatment Plant in 2022 and terms of a contract with Jordanelle Special Service District for them to treat and pump water owned by Park City to Park City's water system starting in Fiscal Year 2025.

(5) The City projects this expense to total \$7,286,604. This figure has been adjusted to deduct the one-time expenditure of \$2,967,939 used to settle agreements with WBWCD and Mountain Regional Water District.

(6) Includes all non-operating revenues.

(7) The outstanding portion of this bond is to be called and retired by the 2021 Bonds.

(Source: The City.)

THE PROJECTS

The purpose of these projects is to improve water quality, meet regulatory compliance, further increase reliability and redundancy, increase treatment capacity, and increase efficiency in the System. The City issued the 2020 Bonds for the initial construction of the 2020 Projects and is issuing the 2021 Bonds to finalize the construction of the 2020 Projects and to pay for the construction of the 2021 Project (collectively, the “Projects”).

Certain 2020 Projects, which were funded from the 2020 Bond proceeds, include:

(i) *Quinns Junction Water Treatment Plant*. \$5.927 million of 2020 Bond proceeds were used on renovations to the City’s existing Quinns Junction Water Treatment Plant. This renovation increases water treatment capacity, water quality, and redundancy and included the addition of membrane filters, pre and post treatment enhancements, raw water pipe cleaning capabilities, a pipeline and vault that will allow the City to wholesale water to Weber Basin Water Conservancy District (“WBWCD”) and an administration area within the existing building. These upgrades allow treatment and use of the full lease of water from WBWCD of 2,900 AF per year of untreated water per year and the lease of treated drinking water from the City to WBWCD. These upgrades were necessary to maintain System treatment capacity to serve the City during the construction of 3Kings. Construction began in 2019 and was completed in 2021.

(ii) *Judge and Spiro Tunnels*. The Judge and Spiro Tunnels deliver water to the City’s existing treatment plant (which was demolished with 3Kings taking its place). Approximately \$5 million of 2020 Bonds proceeds were used on improvements to these tunnel transportation systems. Construction began in the Fall 2020 and is expected to be completed by 2021.

(iii) *Park City Heights Water Tank*. The one-million-gallon Park City Heights Water Tank was constructed of concrete and funded with approximately \$1 million of 2020 Bonds proceeds. The Park City Heights Water Tank was being constructed by a developer and the City elected to upsize the tank beyond what the developer was required to build (the developer’s 450,000-gallon tank was increased by the City by 650,000 gallons and the City paid its proportional share of the construction cost). The Park City Heights Water Tank, now owned by the City, was completed in Summer 2020. The additional storage capacity will provide water storage necessary for redundancy, emergency storage, and wholesale water delivery to WBWCD.

(iv) *Miscellaneous Projects*. Additional projects financed from the 2020 Bonds proceeds includes a water pump station (for \$444,453) and a golf maintenance building (for \$1,598,912 and which building was relocated to facilitate the construction of 3Kings). Construction has been completed on these water projects.

Additional funding for the 2020 Projects, from certain proceeds from the 2021 Bonds, consists of:

(i) *3Kings Water Treatment Facility*. Approximately \$50.214 million of 2020 Bonds proceeds were used for the initial construction of a new state-of-the-art \$103.975 million water treatment plant known as the 3Kings Water Treatment Facility (“3Kings”) and additional bond proceeds from the 2021 Bonds, in the amount of approximately \$53.759 million, will be used to complete 3Kings. The City demolished one of the City’s existing water treatment facilities to be replaced by 3Kings and 3Kings is designed to treat approximately seven million gallons per day of drinking water for use in the System and will process water delivered from the “Judge and Spiro Tunnels” and a City spring. 3Kings will also provide office space for the City’s Public Utilities department. Construction began in Fall/Winter 2019 and is expected to be completed by Summer 2023.

(ii) *Kings Crown Water Tank*. Approximately \$1.5 million of 2020 Bonds proceeds will be used for the initial construction of the Kings Crown Water Tank and additional bond proceeds from the 2021 Bonds, in the amount of approximately \$2.5 million, will be used to complete the Kings Crown Water Tank. The two-million-gallon Kings Crown Water Tank will provide water storage capacity to a large portion of the City including the historic downtown and the base area of the Park City Mountain (Vail) Resort. Construction of the Kings Crown Water Tank has not begun due to delays in a major private development that would be served from this tank. Construction is expected to begin in the next two-three years.

(iii) *Transmission and distribution water lines*. Approximately \$7.3 million of 2020 Bonds proceeds were used for the initial installation and replacement of major transmission and distribution water lines to and from 3Kings and additional bond proceeds from the 2021 Bonds, in the amount of approximately \$1.2 million, will be used to complete these transmission and distribution lines. These pipelines will distribute water between 3Kings, the City’s “Quinns Water Treatment Plant,” and the central portion of the City’s water distribution System during and after construction of 3Kings. Construction began in April 2020 and is expected to be completed by the end of 2021.

Additional funding for the 2021 Project, from certain proceeds from the 2021 Bonds, consists of:

Water Department Infrastructure Improvement. This is a group of asset management projects that total \$13.4 million in the City’s five-year capital improvement plan that will be funded by the 2021 Bonds. These projects include the replacement of typical infrastructure such as water mains, valves, meters, and laterals due to insufficient capacity or poor condition. This infrastructure is targeted to be replaced to reduce water loss and ensure reliable water service to the community. Examples include the water infrastructure in Rossi Hill (\$0.45 million), Park Avenue (\$3.3 million), Munchkin and Woodbine (\$1.3 million), and various other infrastructure replacements.

THE SYSTEM

General

The City owns and operates a culinary water system, which consists of certain water rights and sources, storage facilities, transmission and distribution pipelines, treatment, and pumping stations (collectively the “System”).

Water Rights, Licenses, Permits, Approvals and Environmental Considerations

The City owns State approved water rights or long-term water leases for each of its water wells and springs and has long-term leases for its surface diversions. *The City has obtained all applicable state and local licenses, permits and approvals necessary to operate the System.* See in this section “Sources and Supplies Of Water” below.

The System is currently in compliance with all environmental laws and regulations applicable to its operations, including, but not limited to, the Safe Drinking Water Act of 1986 and the Utah Safe Drinking Water Act and the laws and regulations applicable to the disposal of solid and hazardous waste. The System also operates in compliance with all environmental, health and safety laws and regulations applicable to the use and disposal of chemicals used by the System to make water drinkable.

Sources And Supplies Of Water

The City generally obtains the majority of its water supply from three groundwater wells, one spring, two tunnels, a water lease with WBWCD, and a water lease with Jordanelle Special Service District (“JSSD”). The following table sets forth the amount of water per acre feet (“AF”) obtained from each source for the calendar years shown below:

Calendar Year	City Wells/Spring	Tunnels	JSSD	Rockport Importation (1)	Total
2020.....	1,773.02	204.28	772.48	1,856.33	4,896.70
2019.....	1,764.08	821.16	666.98	1,861.53	5,113.75
2018.....	2,518.77	499.98	1,001.02	1,723.51	5,743.29
2017.....	2,762.11	487.74	1,259.10	1,072.82	5,581.85
2016.....	2,750.03	459.95	1,061.02	1,471.51	5,742.52
2015.....	2,362.62	858.17	886.82	1,470.40	5,578.01
2014.....	2,117.42	604.57	1,168.39	1,242.25	5,132.63
2013.....	2,037.00	946.99	980.71	1,455.52	5,420.22
2012.....	1,658.50	1,582.25	1,002.71	1,339.05	5,582.51

(1) WBWCD and the Bureau of Reclamation. The City did not import water from Rockport Importation until 2012. The City is entitled to 2,900 AF from WBWCD.

(Source: The City.)

Water flows from the City’s water sources to reservoirs at various locations in the City by means of 10”, 12”, 16”, and 18” cement, ductile iron, PVC, and cast-iron transmission lines. Water flows from the reservoirs to the individual connections either by gravity or by means of pumping stations, depending on the elevation of the area. The culinary water distributed by the System is used for both culinary and irrigation purposes.

City-Owned Water Sources. Maximum reliable water production from the City-owned water sources, consisting of the wells, spring, and tunnels, is approximately 6,000 gallons per minute (“GPM”) but varies with the seasons. The estimated reliable total yearly AF that may be withdrawn by the City is approximately 6,200 AF, which is based on a dry year scenario.

Jordanelle Special Service District Water. In 2010, the City purchased 1,000 acre–feet of water per year at a maximum flow of 1,000 GPM (the “JSSD Water Rights”) from JSSD pursuant to the Water Rights Purchase and Water Delivery Agreement between the City and JSSD (the “Purchase Agreement”). The City will not be required to make any payments for the delivery of the JSSD Water Rights to JSSD until 2024. Beginning in 2024, the City will be required to pay an annual delivery rate to JSSD, which is estimated to be \$647,000. The City constructed a pipeline between the City and JSSD’s culinary water system to deliver water supplied from the JSSD Water Rights.

Weber Basin Water Conservancy District Water Lease. In 1996, the City began paying reservation fees on 2,500 AF of water from WBWCD pursuant to the 1996 Memorandum of Understanding and Agreement between WBWCD, Atkinson Special Service District, Summit County, and the City. In 2009, a take–or–pay take down schedule began for the 2,500 AF. The take or pay amount to WBWCD was to pay for lease of the water, infrastructure and operation and maintenance related to diverting the 2,500 acre–feet at a maximum rate of 3,100 gallons per minute. In 2012, the reservation fees were eliminated and an annual take or pay amount started. This amount was \$974,992 in 2013 and is adjusted each year based on operation and maintenance costs. In 2013 the City, WBWCD, and Mountain Regional Water Special Service District (“Mountain Regional”) amended agreements to increase the City’s water allocation in this system from 2,500 AF to 2,900 AF which increased the City’s source capacity from 3,100 gallons per minute to 3,600 gallons per minute. This water is wheeled to the City by Mountain Regional pursuant to an agreement among Mountain Regional, the City, and Summit County. The City pays Mountain Regional a monthly payment which includes a portion of the capital cost of the transmission infrastructure and operation and maintenance.

In 2013, the City, Mountain Regional, Summit Water Distribution Company, Summit County, Snyderville Basin Water Reclamation District, and WBWCD entered into a regional water agreement where all parties agreed to work collaboratively to solve short and long–range water supply deficits. The long–range deficit will require additional storage in the Snyderville Basin area and/or a new or expanded importation project. The execution of a new storage and/or importation project will be led by WBWCD and will be paid for by the entities that require additional water when that supply is needed. It is not anticipated that the City will require additional water in the next 5 to 10 years. As part of this agreement, all parties, including the City, agreed to reimburse WBWCD for infrastructure acquired by WBWCD to facilitate the transport of water to each water entity. The City’s annual payment obligation is \$200,000 which started in January 2020 and will be paid through January 2039.

Drought Conditions In Utah. The State is currently in a prolonged, record–breaking drought resulting in dry soil conditions, reduced snowpack, and reduced water runoff in spring. As a result of the City’s response to current drought conditions, the City’s water demand did not exceed 70% of total water capacity. This success is due to the City’s diverse water source portfolio consisting of three mine drainage tunnels, three wells, one spring, and imported water from Rockport Reservoir. All sources yielded sufficient water to meet the City’s water demand with 30% remaining unused capacity. Upon completion of the 3Kings Water Treatment Plant, the City projects its water supply capacity, redundancy, and reliability will increase substantially. In addition, the City has implemented water conservation programs that have provided a decrease in water demand resulting in a 50% reduction of water consumption by single family residential water users. Additionally the total system peak day demand has been trending downward for the last 10 years. The City continues to implement such programs to further reduce demand, including structuring water rates to discourage high outdoor water use, adopting a drought ordinance limiting watering to certain times of the week that allows for the prohibition of certain water uses in drought conditions, messaging via social media, reducing water use on City–owned irrigated areas (30% reduction Fiscal Year 2021) and utilizing advanced leak detection systems resulting in timely repairs. The City is also exploring the adoption of an ordinance requiring drought tolerant landscaping for new builds and potential incentives for landscape conversion from turf grass to drought tolerant landscaping further reducing water demand. See “CERTAIN INVESTMENT CONSIDERATIONS—Climate Change Risk; Natural And Global Health Emergencies” herein.

Water Treatment

The water from each of the wells and the spring is chlorinated prior to entering the distribution System of the City. The water from Park Meadows Well is also treated with ultraviolet light and filtration. The water from the City’s Spiro Tunnel and Judge Tunnel will be treated at the new treatment facility. All water provided to the City by the JSSD is delivered as treated, potable water. The water leased from WBWCD is treated at Quinn’s Junction Water Treatment Plant.

Utah Pollutant Discharge Elimination System Permits. In 2011 the City applied for Utah Pollutant Discharge Elimination System (“UPDES”) permits for the Judge and Spiro Tunnel discharges. In 2014 after extensive studies and negotiations with the Utah Division of Water Quality (“DWQ”) the City was issued UPDES Permits for these sources. Concurrently, the City and DWQ entered into a Stipulated Compliance Order (the “2014 SCO”) agreement which outlined a long–term compliance schedule for treatment of Judge and Spiro Tunnels. In the 2014 SCO agreement Judge was to be treated by the year 2024 and Spiro by 2033.

In 2019, the City successfully renegotiated the 2014 SCO and executed an amendment to the 2014 SCO with DWQ (the “2019 SCO”). The 2019 SCO benefits the City by allowing additional flexibility in the treatment of Spiro Tunnel. In 2033, the City is required to treat a portion of Spiro Tunnel while also using passive treatment such as the use of enhanced settling ponds and blending with other water sources. The UPDES permits were also renewed in 2019 concurrently with the amendment to the 2019 SCO.

Water Storage Facilities

The System currently includes the following water storage facilities, which provide a total storage capacity of 15.65 million gallons (“MG”):

<u>Storage Facility</u>	<u>Capacity (MG)</u>	<u>Storage Facility</u>	<u>Capacity (MG)</u>
Aerie.....	1.00	No Lake Flat.....	0.20
Bald Eagle.....	1.00	Park City Heights	1.00
Boothill #1.....	1.00	Quarry Mountain	0.40
Boothill #2.....	2.00	Red Cloud.....	1.00
Empire.....	1.00	Sandstone Cove	0.25
Fairway Hills.....	1.00	Silver Lake	0.60
Flagstaff	1.00	Solamere.....	0.60
Iron Canyon.....	0.30	Thaynes #1	0.50
Masonic.....	0.50	Thaynes #2	1.00
Neck.....	0.80	Woodside.....	<u>0.50</u>
Totals			<u>15.65</u>

(Source: The City.)

Customers And Water Usage

Connections. The following table sets forth the total number of residential, commercial, and industrial culinary water connections for the Fiscal Years 2017 through 2021.

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Residential</u> <u>Connections</u>	<u>Commercial</u> <u>Industrial</u> <u>and Other</u> <u>Connections</u>	<u>Total</u> <u>Connections</u>	<u>% Change</u> <u>From</u> <u>Prior Year</u>
2021	4,882	632	5,514	0.4
2020.....	4,862	628	5,490	1.6
2019.....	4,772	628	5,400	0.9
2018.....	4,703	628	5,331	1.4
2017	4,672	604	5,276	1.0

(Source: The City.)

For additional information on the City’s System regarding number of customers, new connections, average daily consumption, peak daily consumption, average monthly billings, residential billing rates, and commercial billing rates for the past 10 Fiscal Years see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 26—Operating Information—Operating Indicators by Function” (ACFR page 136).

Largest Paying Water Customers. The following table sets forth the amount of annual water used by the City’s 10 largest paying water customers for potable water during Fiscal Year 2021, and the percentage of the total System water use, and total Revenues represented by such use. There are large discrepancies due to the variance in number and size of meters for each customer and the presences of meters which are billed for consumption only.

<u>Customer (1)</u>	<u>Water Use (2)</u>	<u>% of Water Use</u>	<u>Water Sales</u>	<u>% of Water Sales</u>
Deer Valley Snow Making	216	n/a	\$159,543.99	0.76
Montage Deer Valley	26	2.41	395,367.00	1.89
Stein Eriksen Lodge	12	1.12	211,482.44	1.01
Park Ave Condo Association.....	10	0.94	205,001.01	0.98
Marriott Mountainsides	13	1.19	162,226.92	0.78
Chateaux at Silver Lake	7	0.69	152,043.15	0.73
Silver Lake Lodge	10	0.92	144,876.41	0.69
Park City High School.....	8	0.71	103,123.26	0.49
Lodges at Deer Valley	5	0.43	102,629.23	0.49
Hotel Park City.....	<u>7</u>	<u>0.64</u>	<u>100,780.92</u>	<u>0.48</u>
Total (3).....	<u>314</u>	<u>9.05</u>	<u>\$1,737,074.33</u>	<u>8.31</u>

(1) Park City Mountain Resort does not use potable water for snowmaking. Deer Valley Ski Resort uses potable water. The City only charges for a portion of the water used and does so under a rate set by contract. Percentage water use values shown exclude snowmaking, and a percentage value will not be provided for Deer Valley.

(2) Million Gallons.

(3) Totals may not add due to rounding.

(Source: The City.)

Peak Demand

The following table shows the peak demand for system water for the Calendar Years shown below. Peak demand is the peak day of water production during the reporting year.

<u>Calendar Year</u>	<u>Peak Demand (MGD)</u>
2020.....	8.700
2019.....	8.250
2018.....	8.408
2017.....	8.345
2016.....	8.587
2015.....	7.786
2014.....	8.820
2013.....	8.873
2012.....	9.200
2011.....	7.363

(Source: The City.)

Culinary Water System Rates And Charges

In addition to the water fees outlined below, the City has entered into an agreement with WBWCD to lease the City's surplus water to WBWCD. The revenue source to the City's water enterprise fund is significant and helps fund expenses and keep water rate increases minimal.

The principal components of the revenues from the System are water impact fees and monthly service charges. Monthly service charges are charges based upon base monthly rates and the amount of water actually used. Water impact fees are fees charged to new users of the System or to users that have increased the size of their existing water demand as calculated by the City's Municipal Code. Water impact fees assist the City with funding for development and acquisition of new water sources and the construction of transmission and distribution lines.

The City implemented a 3% water rate increase in Fiscal Year 2021 and an additional 3% water rate increase in Fiscal Year 2022. Prior to Fiscal Year 2021, rate increases have been implemented each year. In Fiscal Year 2016, an elevation surcharge was implemented in lieu of the standard rate increase. The City anticipates increasing water rates by an additional 3%, in each year for Fiscal Years 2023, 2024 and 2025.

Currently, the City charges all customers (other than water used by the City for municipal purposes and services to supply water to the Park City Mountain (Vail) Resort and Deer Valley Ski Resort for snow making purposes) based on the fee schedule below:

Base Rates
Residential

Meter Size	Monthly Base/ Demand Charge	Meter Price
5/8" x 3/4".....	\$53.63	\$ 850.78
1".....	72.40	977.82
1 1/2".....	85.86	1,391.13

Multi-family and Commercial

Meter Size	Monthly Base/ Demand Charge	Meter Price
3/4".....	\$ 69.51	\$ 850.78
1".....	117.97	977.82
1 1/2".....	252.00	1,391.13
2".....	525.52	2,460.63
3".....	1,367.65	2,910.96
4".....	2,482.88	5,072.44
6".....	4,680.31	7,891.71
8".....	8,059.91	11,852.83

(Source: The City.)

Water Rates (per 1,000 gallons)

Type	Block 1 \$6.68	Block 2 \$10.71	Block 3 \$11.27	Block 4 \$14.60	Block 5 \$17.41	Block 6 \$30.43
Single	0–5,000	5,001–15,000	15,001–25,000	25,001–35,000	35,001–55,000	Over 55,000
Multi-Family	Block 1 \$7.91	Block 2 \$10.71	Block 3 \$17.41	Block 4 \$26.81		
3/4".....	0–10,000	10,001–36,000	36,001–80,000	Over 80,000		
1".....	0–17,000	17,001–57,000	57,001–120,000	Over 120,000		
1 1/2".....	0–30,000	30,001–100,000	100,001–200,000	Over 200,000		
2".....	0–48,000	48,001–160,000	160,001–320,000	Over 320,000		
3".....	0–96,000	96,001–320,000	320,001–640,000	Over 640,000		
4".....	0–150,000	150,001–500,000	500,001–1,000,000	Over 1,000,000		
6".....	0–180,000	180,001–600,000	600,001–1,200,000	Over 1,200,000		
Commercial	Block 1 \$9.39	Block 2 \$14.54	Irrigation	Block 1 \$11.44	Block 2 \$18.61	
3/4".....	0–150,000	Over 150,000	3/4".....	0–56,000	Over 56,000	
1".....	0–300,000	Over 300,000	1".....	0–90,000	Over 90,000	
1 1/2".....	0–500,000	Over 500,000	1 1/2".....	0–185,000	Over 185,000	
2".....	0–750,000	Over 750,000	2".....	0–300,000	Over 300,000	
3".....	0–1,200,000	Over 1,200,000	3".....	0–600,000	Over 600,000	
4".....	0–1,700,000	Over 1,700,000	4".....	0–935,000	Over 935,000	
6".....	0–1,700,000	Over 1,700,000	6".....	0–1,865,000	Over 1,865,000	
Construction Water.....		\$311.66 Monthly Base Charge			\$12.61	

(Source: The City.)

For additional information on the City’s System regarding number of customers, new connections, average daily consumption, peak daily consumption, average monthly billings, residential billing rates, and commercial billing rates for the past 10 Fiscal Years see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 26—Operating Information—Operating Indicators by Function” (ACFR page 136).

Impact Fees

Impact Fees. The City assesses impact fees on new development at the time a building permit is issued so that existing customers are not burdened with the cost of new infrastructure for which they receive no benefit. Pursuant to State law, the impact fees include only the proportionate cost of infrastructure and water rights necessary to serve each customer. The impact fees do not include any administrative or overhead costs. Impact fees have been calculated differently for property types within the City.

The current impact fees for Fiscal Year 2022 (effective since 2014) are as follows.

Maximum Indoor Impact Fee Schedule

The indoor impact fee will be calculated by property type following the schedule below:

Unit Size (Sq. Ft.)	Peak Day	1 GPM (1)	GPM Demand	Fee
0–1,000.....	298	1,440	0.2067	\$ 3,428
1,001–2,000.....	400	1,440	0.2776	4,602
2,001–3,000.....	539	1,440	0.3740	6,200
3,001–4,000.....	687	1,440	0.4771	7,910
4,001–5,000.....	817	1,440	0.5671	9,403
5,000 +.....	983	1,440	0.6829	11,322

(1) GPM: Gallon per minute.
(Source: The City.)

Maximum Outdoor Impact Fee Schedule

For a non-residential development the fee will be based on outdoor yard area as follows:

Yard Area (Irrigated Sq. Ft.)	Peak Day	1 GPM (1)	GPM Demand	Proposed Fee
Per 1,000 Sq. Ft.	138.8	1,440	0.096	\$1,598

(1) GPM: Gallon per minute.
(Source: The City.)

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Non-Residential Impact Fee Schedule

The non-residential impact fee will be calculated by property type following the schedule below:

Property Type	Gallons per Unit	GPM (1) Per Unit	Floor Area per Unit	Fee per Unit
Assembly:				
Restaurant, bar including decks.....	35	0.0243	15	\$ 402.97
Theater, auditorium, church.....	5	0.0035	7	57.57
Office.....	15	0.1040	100	172.70
Educational:				
Classroom.....	25	0.1740	20	287.84
Shop/vocational.....	25	0.1740	50	287.84
Exercise area.....	25	0.1740	50	287.84
Hotel/Motel.....	150	0.1042	580	1,727.02
Industrial.....	calculated	calculated		calculated
Institutional:				
Inpatient treatment.....	250	0.1736	240	2,878.36
Outpatient treatment.....	5	0.0035	100	calculated
Sleeping area.....	5	0.0035	120	calculated
Retail.....	10	0.0069	60	115.13
Swimming pool/Skating rink:				
Rink or pool area.....	10	0.0069	50	115.13
Decks.....	calculated	calculated	15	115.13

Nonstandard Users Impact Fee Formula

- Step 1..... Identify estimated peak day GPM demand of proposed development
- Step 2..... Multiply equivalent peak day GPMs by Impact Fee per GPM of \$16,579.38.

(1) GPM: Gallon per minute.
(Source: The City.)

Billing, Collection Procedures, Enforcement

All City water customers are metered, and most are read hourly. Bills for service charges are rendered monthly and are due with 15 days of being rendered or at the end of the month. Bills are delinquent when unpaid after approximately 20 to 25 days, at which time a 1.5% late charge is assessed. If the bill remains delinquent for more than 60 days, the City may initiate proceedings to cause all water service to the user to be terminated. Those accounts that are terminated are subsequently reviewed for collection.

Historical Five-Year Financial Summaries Of The System

The summaries contained herein regarding the System were extracted from the City’s annual comprehensive financial reports for Fiscal Years 2016 through 2020. The summaries themselves have not been audited.

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Park City, Utah

Statement of Net Position—Proprietary Funds

Business Type Activities—Enterprise Funds

Water Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Assets					
Current assets					
Restricted cash and cash equivalents, fiscal agent.....	\$ 46,517,530	\$ 5,237,136	\$ 5,186,969	\$ 5,149,566	\$ 5,128,238
Cash, cash equivalents, and investments.....	10,649,103	4,876,235	5,564,832	9,235,398	10,847,844
Accounts receivable.....	8,545,484	2,265,109	2,463,046	1,611,331	1,310,564
Prepays.....	615,397	-	-	542,868	528,089
Inventories.....	519,986	373,451	392,398	321,138	337,128
Total current assets.....	<u>66,847,500</u>	<u>12,751,931</u>	<u>13,607,245</u>	<u>16,860,301</u>	<u>18,151,863</u>
Noncurrent assets					
Capital assets					
Improvements other than buildings.....	89,391,512	87,825,861	87,414,999	85,941,381	80,944,770
Construction in progress.....	37,986,546	16,482,252	13,596,744	6,485,534	5,369,450
Land and water rights.....	17,785,588	17,693,588	17,693,589	17,693,589	17,693,589
Vehicles and equipment.....	10,387,618	10,439,005	9,531,190	9,056,009	8,891,236
Buildings.....	3,660,682	3,660,682	480,000	480,000	480,000
Right to use asset.....	3,380,984	-	-	-	-
Intangible.....	27,810	27,810	27,810	27,810	27,810
Accumulated depreciation and amortization.....	(48,641,431)	(45,169,709)	(41,991,498)	(38,267,240)	(35,070,172)
Total noncurrent assets.....	<u>113,979,309</u>	<u>90,959,489</u>	<u>86,752,834</u>	<u>81,417,083</u>	<u>78,336,683</u>
Net pension asset.....	-	-	-	-	1,552
Total assets.....	<u>180,826,809</u>	<u>103,711,420</u>	<u>100,360,079</u>	<u>98,277,384</u>	<u>96,490,098</u>
Deferred outflows of resources					
Deferred outflows of resources related to pensions.....	301,322	652,830	658,736	623,252	664,679
Deferred charge on refunding.....	-	-	-	-	7,477
Total deferred outflows of resources.....	<u>301,322</u>	<u>652,830</u>	<u>658,736</u>	<u>623,252</u>	<u>672,156</u>
Total assets and deferred outflows of resources.....	<u>\$ 181,128,131</u>	<u>\$ 104,364,250</u>	<u>\$ 101,018,815</u>	<u>\$ 98,900,636</u>	<u>\$ 97,162,254</u>
Liabilities					
Current liabilities					
Revenue bonds.....	\$ 2,675,000	\$ 3,410,000	\$ 3,255,000	\$ 3,115,000	\$ 2,980,000
Accounts payable.....	4,450,577	2,530,993	1,948,021	1,557,722	1,410,649
Accrued liabilities.....	900,812	150,652	112,253	230,783	214,010
Compensated absences.....	83,353	87,071	61,106	61,106	47,829
Contract payable.....	141,311	-	-	-	-
Total current liabilities.....	<u>8,251,053</u>	<u>6,178,716</u>	<u>5,376,380</u>	<u>4,964,611</u>	<u>4,652,488</u>
Noncurrent liabilities					
Revenue bonds.....	97,562,316	28,496,489	32,164,397	35,682,758	39,061,117
Contract payable.....	3,039,674	-	-	-	-
Net pension liability.....	619,972	1,276,606	717,227	1,107,417	1,346,500
Compensated absences.....	35,723	16,780	38,989	54,412	60,145
Total noncurrent liabilities.....	<u>101,257,685</u>	<u>29,789,875</u>	<u>32,920,613</u>	<u>36,844,587</u>	<u>40,467,762</u>
Total liabilities.....	<u>109,508,738</u>	<u>35,968,591</u>	<u>38,296,993</u>	<u>41,809,198</u>	<u>45,120,250</u>
Deferred inflows of resources					
Deferred inflows of resources related to pensions.....	392,990	36,008	552,361	206,773	129,937
Deferred inflows of resources related to debt.....	266,960	-	-	-	-
Total liabilities and deferred inflows of resources...	<u>110,168,688</u>	<u>36,004,599</u>	<u>38,849,354</u>	<u>42,015,971</u>	<u>45,250,187</u>
Net position					
Net investment in capital assets.....	71,491,036	64,520,282	57,395,272	49,283,480	43,558,836
Unrestricted.....	(531,593)	3,839,369	(412,780)	2,451,619	3,224,993
Restricted					
Debt service.....	-	-	5,186,969	5,149,566	5,128,238
Total net position.....	<u>70,959,443</u>	<u>68,359,651</u>	<u>62,169,461</u>	<u>56,884,665</u>	<u>51,912,067</u>
Total liabilities, deferred outflows of resources and net position.....	<u>\$ 181,128,131</u>	<u>\$ 104,364,250</u>	<u>\$ 101,018,815</u>	<u>\$ 98,900,636</u>	<u>\$ 97,162,254</u>

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

Park City, Utah

Statement of Revenues, Expenditures, and Changes in Fund Net Position—Proprietary Funds

Business Type Activities—Enterprise Funds

Water Fund

(This summary has not been audited)

	2020	2019	2018	2017	2016
Operating revenues					
Charges for services.....	\$ 18,538,414	\$ 18,606,759	\$ 17,924,616	\$ 17,237,175	\$ 15,205,729
Total operating revenues.....	<u>18,538,414</u>	<u>18,606,759</u>	<u>17,924,616</u>	<u>17,237,175</u>	<u>15,205,729</u>
Operating expenses					
Supplies, maintenance and services.....	7,073,133 (1)	4,372,840	4,243,306	4,308,237	4,454,050
Depreciation.....	3,582,658	3,494,887	3,446,940	3,209,718	2,774,358
Salaries and benefits.....	3,204,546	2,950,635	2,807,730	2,525,321	2,638,481
Energy and utilities.....	937,621	986,418	956,097	1,007,391	1,010,108
Total operating expenses.....	<u>14,797,958</u>	<u>11,804,780</u>	<u>11,454,073</u>	<u>11,050,667</u>	<u>10,876,997</u>
Operating income (loss).....	<u>3,740,456</u>	<u>6,801,979</u>	<u>6,470,543</u>	<u>6,186,508</u>	<u>4,328,732</u>
Non-operating revenues (expenses)					
Miscellaneous.....	160,132	166,985	166,273	165,740	165,917
Investment income.....	146,186	371,806	208,887	259,233	200,191
Gain on sale of capital assets.....	5,452	(726,800)	7,088	405	4,950
Bond issuance costs.....	(333,785)	-	-	-	-
Interest expense.....	(1,354,398)	(997,342)	(1,130,644)	(1,265,164)	(1,367,871)
Total non-operating revenues (expenses)...	<u>(1,376,413)</u>	<u>(1,185,351)</u>	<u>(748,396)</u>	<u>(839,786)</u>	<u>(996,813)</u>
Income before contributions.....	2,364,043	5,616,628	5,722,147	5,346,722	3,331,919
Capital contributions.....	1,777,154	2,088,783	1,255,340	1,091,022	1,183,187
Transfers to other funds.....	(1,541,405)	(1,515,221)	(1,493,450)	(1,465,146)	(1,440,542)
Change in net position.....	2,599,792	6,190,190	5,484,037	4,972,598	3,074,564
Total net position at beginning of year.....	68,359,651	62,169,461	56,884,665	51,912,067	48,837,503
Prior period adjustment.....	-	-	(199,241)	-	-
Total position at end of year.....	<u>\$70,959,443</u>	<u>\$68,359,651</u>	<u>\$62,169,461</u>	<u>\$56,884,665</u>	<u>\$51,912,067</u>

(1) The large increase is due to a one-time expense that is not associated with an asset, a large retainage balance, and an internal permit. This amount has been adjusted for the debt service coverage, accordingly. See “HISTORICAL DEBT SERVICE COVERAGE” herein.

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

Future System Financing Needs

The City anticipates the issuance of the 2021 Bonds to complete the Projects and any additional projects as deemed necessary to the System.

PARK CITY, UTAH

General

The City, incorporated in 1884, covers an area of approximately 18 square miles and is in the southwest portion of the County, approximately 30 miles east of Salt Lake City, Utah. A small portion of the City overlaps into Wasatch County. The City had 8,526 residents per the 2019 U.S. Census Bureau estimates.

The County is situated in the north central portion of the State and is located approximately 10 miles east of Salt Lake City, Utah. Established in 1853, the County is bordered on the west by Salt Lake County and encompasses approximately 1,871 square miles of land. The County had approximately 42,145 residents per the 2019 U.S. Census Bureau estimates (and ranked as the 10th most populous county in the State out of 29 counties). The County seat is Coalville City, Utah.

The City's estimated 2019 permanent population significantly understates the scale of the City. The City has approximately 9,800 dwelling units including more than 6,400 secondary residences. With an overnight rental capacity for approximately 28,275 persons, the City can accommodate a daytime population of approximately 50,000 people.

For Fiscal Year 2020 detailed information regarding the City's profile, budgetary control, local economy and economic trends, long-term financial planning, relevant financial policies, major initiatives, update on major projects, and awards and acknowledgements see "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Introductory Section—Introductory Letter" (ACFR page i).

Form Of Government

Cities of the fifth class, such as the City, are those with fewer than 10,000 and more than 1,000 inhabitants. The City is organized under general law and governed by a six-member council consisting of the Mayor (the "Mayor") and five councilmembers who are each elected to serve four-year terms (collectively, the "City Council"). The Mayor presides over all City Council meetings but may not vote, except in the case of a tie vote by the councilmembers and certain other circumstances specified under State law. The City Council has appointed a city manager to perform and execute administrative duties and functions delegated by the City Council to the city manager.

The principal powers and duties of State municipalities are generally set forth in Utah Code Title 10, Chapter 8 and include the authority to pass all ordinances and rules and make all regulations necessary for preserving health and safety, promoting prosperity, improving morals, peace, and good order, comfort, and convenience of the city and its inhabitants, and for protecting of property within the city. Municipalities construct public improvements and maintain streets, sidewalks, and waterworks. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes and licensing procedures. Fire protection and water reclamation/sewers are provided by separate special service districts of Summit County.

Organizations which are related to the City and are controlled by or financially accountable to the City's governing body, the City Council, are: The Park City Municipal Building Authority, the Park City Redevelopment Agency, Park City Water Service District, and the Park City Housing Authority. The City Council is the appointed board for all four agencies.

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

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<u>Position</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
Mayor (1).....	Andy Beerman	3	January 2022
Council Member.....	Rebecca Gerber	5	January 2024
Council Member.....	Tim Henney	7	January 2022
Council Member.....	Steve Joyce	3	January 2022
Council Member.....	Max Doilney	2	January 2024
Council Member.....	Nann Worel	5	January 2024
City Manager.....	Matthew Dias	2	Appointed
City Attorney (2).....	Margaret D. Plane	<1	Appointed
City Recorder.....	Michelle Kellogg	5	Appointed
City Treasurer.....	Sara Nagel	2	Appointed
Budget & Strategic			
Planning Director (3).....	Jed Briggs	2	At will
Finance Manager (4).....	Mindy Finlinson	2	At will
Public Utilities Director.....	Clint McAfee	6	At will

- (1) Mayor Beerman served as a City Council member for five years prior to serving as Mayor.
 - (2) Ms. Plane served as the appointed Special Counsel to City Council for 2.5 years before being appointed City Attorney.
 - (3) Mr. Briggs worked in the budget office for 14 years prior to serving as the Budget Operations & Strategic Planning Manager.
 - (4) Ms. Finlinson served as City Treasurer for two years prior to serving as Finance Manager.
- (Source: The City, compiled by the Municipal Advisor.)

Employee Workforce And Retirement System; No Post–Employment Benefits

Employee Workforce and Retirement System. The City employed approximately 430 full–time equivalent employees as of Fiscal Year 2020. For a 10–year Fiscal Year history of the City’s full–time employment numbers see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 22—Full–time Equivalent City Government Employees by Function” (ACFR page 132).

The City participates in cost–sharing multiple employer–defined benefit pension plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides retirement benefits, a deferred compensation plan, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

For a detailed discussion regarding retirement benefits and contributions see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note F. Retirement Plans” (ACFR page 70) and “–Note G. Defined Contribution Plans” (ACFR page 81).

No Post–Employment Benefits. The City has no post–employment benefit liabilities.

Risk Management; Seismic Activity; Cybersecurity

Risk Management. The City insures its comprehensive general liability risks with insurance policies. The City has various deductible amounts with various insurance policies at replacement cost. The City has earthquake coverage as part of its insurance policies.

As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides.

Seismic Activity (recent). The State is in a region of seismic activity subject to earthquakes in varying strengths. On March 18, 2020 an earthquake occurred in the township of Magna, Utah (located approximately 15 miles west of Salt Lake City, Utah and 50 miles west of the City), which magnitude registered 5.7 on the Richter scale. The City had no damage to its buildings, property, or utilities infrastructure.

Cybersecurity. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City’s systems technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or dam-

age by cybersecurity incidents or cyberattacks, the City invests in multiple forms of cybersecurity and operational safeguards. To date, the City has not experienced a material breach of cybersecurity.

For a detailed summary of insurance companies, coverages, and liability limits on the insurance in force, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note K. Risk Management” (ACFR page 83) and “—Statistical Section—Schedule 28—Schedule of Insurance in Force” (ACFR page 138).

Investment Of Funds

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

The City is currently complying with all the provisions of the Money Management Act for all City operating funds.

The Utah Public Treasurers’ Investment Fund. A significant portion of City funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short–term corporate notes, and obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note B. Cash, Cash Equivalents and Investments” (ACFR page 53).

Investment of 2021 Bond Proceeds. The proceeds of the 2021 Bonds will be held by the Trustee and invested in accordance with the Indenture to be readily available. The 2021 Bond proceeds may also be invested in the PTIF or other available investment funds authorized under the Money Management Act.

Population

	City	% Change From Prior Period	County	% Change From Prior Period
2020 Census	8,396	11.1	42,357	16.6
2010 Census	7,558	2.5	36,324	22.2
2000 Census	7,371	65.0	29,736	91.7
1990 Census	4,468	58.3	15,518	52.3
1980 Census	2,823	136.6	10,198	73.5

(Source: U.S. Department of Commerce, Bureau of the Census.)

For the City's presentation of population statics see "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 23. Population Statistics" (ACFR page 133).

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Labor Force, Nonfarm Jobs, And Wages Within Summit County

	Calendar Year (1)						% Change				
	2020	2019	2018	2017	2016	2015	2019-20	2018-19	2017-18	2016-17	2015-16
Civilian labor force.....	24,314	23,620	22,746	24,597	23,964	23,120	(2.1)	3.8	(7.5)	2.6	3.7
Employed persons.....	22,554	22,856	22,004	23,839	23,212	22,355	(6.8)	3.9	(7.7)	2.7	3.8
Unemployed persons.....	1,760	764	742	758	752	765	170.4	3.0	(2.1)	0.8	(1.7)
Total private sector (average).....	22,734	25,111	24,330	24,018	23,662	22,616	(1.4)	3.2	1.3	1.5	4.6
Agriculture, forestry, fishing and hunting.....	37	21	30	32	67	81	76.2	(30.0)	(6.3)	(52.2)	(17.3)
Mining.....	71	70	87	76	52	74	1.4	(19.5)	14.5	46.2	(29.7)
Utilities.....	43	42	44	47	48	48	-	(4.5)	(6.4)	(2.1)	0.0
Construction.....	2,027	1,906	1,800	1,665	1,542	1,568	8.3	5.9	8.1	8.0	(1.7)
Manufacturing.....	891	862	842	795	773	790	4.9	2.4	5.9	2.8	(2.2)
Wholesale trade.....	425	398	369	319	214	235	13.6	7.9	15.7	49.1	(8.9)
Retail trade.....	3,216	3,485	3,523	3,511	3,647	3,571	(3.5)	(1.1)	0.3	(3.7)	2.1
Transportation and warehousing.....	303	308	217	404	453	439	4.8	41.9	(46.3)	(10.8)	3.2
Information.....	456	449	401	327	350	314	4.8	12.0	22.6	(6.6)	11.5
Finance and insurance.....	466	479	456	488	473	479	(2.7)	5.0	(6.6)	3.2	(1.3)
Real estate, rental and leasing.....	1,307	1,400	1,340	1,250	1,313	1,317	0.1	4.5	7.2	(4.8)	(0.3)
Professional, scientific, and technical services.....	1,357	1,483	1,496	1,329	1,281	1,185	(5.6)	(0.9)	12.6	3.7	8.1
Management of companies and enterprises.....	224	161	251	280	259	251	(7.1)	(35.9)	(10.4)	8.1	3.2
Admin., support, waste mgmt., remediation.....	937	948	932	941	966	845	-	1.7	(1.0)	(2.6)	14.3
Education services.....	348	371	341	327	408	428	(0.6)	8.8	4.3	(19.9)	(4.7)
Health care and social assistance.....	1,547	1,572	1,493	1,487	1,406	1,271	0.2	5.3	0.4	5.8	10.6
Arts, entertainment and recreation.....	3,281	3,791	3,711	3,636	3,617	3,304	23.6	2.2	2.1	0.5	9.5
Accommodation and food services.....	5,053	6,467	6,194	6,353	6,101	5,819	(16.5)	4.4	(2.5)	4.1	4.8
Other services.....	756	822	834	784	720	639	(3.8)	(1.4)	6.4	8.9	12.7
Total public sector (average).....	2,794	2,973	2,957	2,891	2,841	2,772	(8.4)	0.5	2.3	1.8	2.5
Federal government.....	63	57	54	55	56	55	8.6	5.6	(1.8)	(1.8)	1.8
State government.....	105	109	126	164	161	161	(7.9)	(13.5)	(23.2)	1.9	0.0
Local government.....	2,627	2,807	2,777	2,673	2,624	2,556	(8.8)	1.1	3.9	1.9	2.7
Total payroll (in millions) (2).....	\$ 1,335	\$ 1,347	\$ 1,261	\$ 1,189	\$ 1,099	\$ 1,043	348.3	406.5	6.1	8.1	5.4
Average monthly wage.....	\$ 4,359	\$ 3,998	\$ 3,851	\$ 3,681	\$ 3,456	\$ 3,424	14.6	13.1	4.6	6.5	0.9
Average employment.....	25,529	28,084	27,287	26,909	26,503	25,388	(2.2)	11.9	1.4	1.5	4.4
Establishments.....	3,053	2,955	2,887	2,793	2,684	2,605	4.2	6.4	3.4	4.1	3.0

(1) Utah Department of Workforce Services.

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Income Indicators Within Summit County And The State Of Utah (1)

	Calendar Year						% change from prior year				
	2019	2018	2017	2016	2015	2014	2018-19	2017-18	2016-17	2015-16	2014-15
Total Personal Income (in \$1,000's):											
Summit County.....	\$ 6,377.7	\$ 6,116.1	\$ 5,204.8	\$ 4,779.9	\$ 4,470.1	\$ 3,823.3	4.28	17.5	8.9	6.9	16.9
State of Utah.....	156,896.2	148,240.6	136,996.8	128,900.6	121,954.1	113,140.9	5.84	8.2	6.3	5.7	7.8
Total Per Capita Personal Income:											
Summit County.....	151,326	146,004	125,933	117,986	112,769	97,737	3.65	15.9	6.7	4.6	15.4
State of Utah.....	48,939	47,008	44,178	42,375	40,899	38,517	4.11	6.4	4.3	3.6	6.2
Median Household Income:											
Summit County.....	112,482	100,453	94,952	94,540	93,235	92,560	11.97	5.8	0.4	1.4	0.7
State of Utah.....	75,705	68,374	65,325	65,931	64,097	60,943	10.72	4.7	(0.9)	2.9	5.2

(1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.

Construction Within Park City, Utah (1)

	Calendar Year						% change from prior year				
	2021 (2)	2020	2019	2018	2017	2016	2020-21 (2)	2019-20	2018-19	2017-18	2016-17
Number new dwelling units.....	19.0	144.0	52.0	97.0	21.0	105.0	280.0	928.6	(46.4)	361.9	(80.0)
New (in \$1,000's):											
Residential value.....	\$ 3,800.0	\$ 20,764.2	\$ 26,580.3	\$ 66,242.1	\$ 14,174.9	\$ 48,532.4	375.0	114.4	(59.9)	367.3	(70.8)
Non-residential value.....	1,075.0	6,647.6	9,389.2	49,654.2	34,935.6	5,295.8	(20.2)	(41.1)	(81.1)	42.1	559.7
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	340.0	2,846.5	17,167.7	30,657.9	16,118.8	44,487.3	2.6	(78.2)	(44.0)	90.2	(63.8)
Non-residential value.....	690.0	5,473.7	3,203.8	8,124.3	43,777.7	8,086.6	452.0	(68.5)	(60.6)	(81.4)	441.4
Total construction value (in \$1,000's).....	\$ 5,905.00	\$ 35,732.0	\$ 56,340.8	\$ 154,678.5	\$ 109,007.0	\$ 106,402.1	83.9	(30.4)	(63.6)	41.9	2.4

(1) University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database

(2) For the year 2021, information as of the first quarter; comparison made to second quarter 2020.

Sales Taxes Within Park City, Summit County, And The State Of Utah (3)

	Calendar Year						% change from prior year				
	2020	2019	2018	2017	2016	2015	2019-20	2018-19	2017-18	2016-17	2015-16
Gross Taxable Sales (in \$1,000's):											
Park City.....	\$ 1,056,028	\$ 1,143,154	\$ 1,017,175	\$ 969,124	\$ 884,380	\$ 824,238	(7.6)	12.4	5.0	9.6	7.3
Summit County.....	2,256,309	2,286,859	2,102,915	2,002,072	1,869,420	1,743,687	(1.3)	8.7	5.0	7.1	7.2
State of Utah.....	74,730,706	68,923,140	64,982,524	61,031,692	56,502,434	53,933,277	8.4	6.1	6.5	8.0	4.8
	Fiscal Year						% change from prior year				
	2020	2019	2018	2017	2016	2015	2019-20	2018-19	2017-18	2016-17	2015-16
Local Sales and Use Tax Distribution:											
Park City.....	\$ 6,522,527	\$ 6,341,089	\$ 5,869,946	\$ 5,557,742	\$ 5,148,224	\$ 4,707,996	2.9	8.0	5.6	8.0	9.4
Summit County (and all cities).....	15,731,843	15,151,174	14,172,864	13,425,610	12,594,267	11,558,616	3.8	6.9	5.6	6.6	9.0

(1) Utah State Tax Commission.

Largest Employers

Major employers (over 100 employees) in the County area include:

<u>Employer</u>	<u>Business Category</u>	<u>Range of Number of Employees</u>
Deer Valley Resort	Other amusement and recreation industries	1,000–2,000
Park City Mountain (Vail) Resort (1)	Other amusement and recreation industries	1,000–2,000
Park City	Local government	500–1,000
Park City School District	Elementary and secondary schools	500–1,000
Stein Eriksen Lodge.....	Traveler accommodation	500–1,000
Montage Hotels & Resorts.....	Traveler accommodation	250–500
Park City Surgical Center	Offices of physicians	250–500
South Summit School District	Elementary and secondary schools	250–500
Summit County.....	Executive, legislative, and other general govt.	250–500
Backcountry.com.....	Electronic shopping and mail–order houses	100–250
Capitiva Salt Lake.....	Computer systems, design, and related	100–250
CFI Resorts Management Inc.	Lessors of real estate	100–250
Home Depot.....	Construction materials	100–250
Hotel Park City	Traveler accommodation	100–250
Lodge At Blue Sky	Traveler accommodation	100–250
Marriott Resorts	Traveler accommodation	100–250
North Summit School District	Elementary and secondary schools	100–250
Park City Fire District.....	Justice, public order, and safety activities	100–250
Promontory Development, LLC	Other amusement, and recreation industries	100–250
Skullcandy Inc.	Audio and video equipment manufacturing	100–250
Smith’s Food & Drug Centers	Grocery stores	100–250
Snyderville Basin Special Recreation District	Museums, historical sites, and similar institutions	100–250
State of Utah	Justice, public order, and safety activities	100–250
Storied Management.....	Other amusement and recreation industries	100–250
Sundance Institute.....	Entertainment	100–250
Triumph Gear Systems Inc.	Aerospace product and parts manufacturing	100–250
United States Ski Association.....	Business, professional, labor, political, association	100–250
Utah Athletic Foundation.....	Promoters of performing arts, sports, and similar	100–250
Victory Ranch Club	Other amusement and recreation industries	100–250
Waldorf Astoria	Traveler accommodations	100–250
Wal Mart.....	Other general merchandise stores	100–250
Whole Foods.....	Grocery stores	100–250
Woodward Park City	Recreational and vacation camps	100–250

(1) Owned and operated by Vail Resorts.

(Source: Utah Department of Workforce Services. Information as of 2020; updated July 2021.)

For additional demographic, economic, and principal employers as of the City’s historical Fiscal Years see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 20. Demographic and Economic Statistics” (ACFR page 130) and “—Schedule 21. Principal Employers” (ACFR page 131).

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Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>United States</u>
2021 (1).....	2.4%	2.7%	5.9%
2020.....	7.2	4.7	8.1
2019.....	2.1	2.3	3.7
2018.....	2.9	3.2	3.9
2017.....	3.1	3.2	4.4
2016.....	3.3	3.4	4.9

(1) Preliminary, subject to change. As of June 2021 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

Taxable, Fair Market/Market Value Of Property Of The City

Taxable and fair market/market values contain values of the City in both Summit and Wasatch Counties.

<u>Calendar Year</u>	<u>Taxable Value (2)</u>	<u>% Change Over Prior Year</u>	<u>Fair Market/ Market Value (3)</u>	<u>% Change Over Prior Year</u>
2021 (1).....	\$11,766,029,441	11.1%	\$13,354,152,677	11.3%
2020.....	10,599,621,252	4.3	12,001,627,496	4.6
2019.....	10,158,833,468	8.3	11,472,124,948	8.5
2018.....	9,380,540,970	7.9	10,573,134,432	8.2
2017.....	8,694,398,985	5.2	9,784,846,435	5.1

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

(2) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment (“SCME”). The estimated redevelopment agency valuation for Calendar Year 2021 was approximately \$674.6 million; for Calendar Year 2020 was approximately \$615.7 million; for Calendar Year 2019 was approximately \$607.9 million; for Calendar Year 2018 was approximately \$665.1 million; and for Calendar Year 2017 was approximately \$528.2 million.

(3) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Utah Property Tax Act. Does not include market valuation for SCME.

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

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Historical Summaries Of Taxable Values Of Property Of The City

	2021*				2020			2019			2018			2017		
	Taxable Value			% of T.V.	Taxable Value			Taxable Value			Taxable Value			Taxable Value		
	Summit	Wasatch	Total		Summit	Wasatch	Total	Summit	Wasatch	Total	Summit	Wasatch	Total	Summit	Wasatch	Total
<i>Set by State Tax Commission (Centrally Assessed)</i>																
Total centrally assessed....	\$ 60,479,757	\$ 1,388,799	\$ 61,868,556	0.5 %	\$ 59,086,088	\$ 509,402	\$ 59,595,490	\$ 54,822,933	\$ 457,951	\$ 55,280,884	\$ 52,847,867	\$ 483,268	\$ 53,331,135	\$ 46,670,829	\$ 381,051	\$ 47,051,880
<i>Set by County Assessor (Locally Assessed)</i>																
Real property:																
Primary residential.....	1,901,300,000	27,517,288	1,928,817,288	16.4	1,686,045,899	27,517,288	1,713,563,187	1,579,281,813	25,852,218	1,605,134,031	1,431,826,449	25,787,782	1,457,614,231	1,306,295,956	26,473,149	1,332,769,105
Other residential.....	8,250,000,000	302,692,995	8,552,692,995	72.6	7,568,495,534	302,692,995	7,871,188,529	7,287,571,316	305,159,820	7,592,731,136	6,637,375,419	285,202,568	6,922,577,987	5,887,183,793	271,201,146	6,158,384,939
Commercial and industrial....	1,133,000,000	1,339,813	1,134,339,813	9.6	855,676,906	1,339,813	857,016,719	812,910,477	1,339,813	814,250,290	856,517,154	1,339,813	857,856,967	779,624,177	1,339,813	780,963,990
FAA.....	20,000	0	20,000	0.0	17,775	0	17,775	19,420	0	19,420	21,864	0	21,864	23,320	0	23,320
Unimproved non FAA.....	300,000	5,754,450	6,054,450	0.1	270,014	5,754,450	6,024,464	50,514	5,754,450	5,804,964	50,514	5,754,450	5,804,964	290,343,427	5,754,450	296,097,877
Agricultural.....	174,670	0	174,670	0.0	153,419	0	153,419	153,419	0	153,419	175,819	0	175,819	175,819	0	175,819
Total real property.....	<u>11,284,794,670</u>	<u>337,304,546</u>	<u>11,622,099,216</u>	<u>98.7</u>	<u>10,110,659,547</u>	<u>337,304,546</u>	<u>10,447,964,093</u>	<u>9,679,986,959</u>	<u>338,106,301</u>	<u>10,018,093,260</u>	<u>8,925,967,219</u>	<u>318,084,613</u>	<u>9,244,051,832</u>	<u>8,263,646,492</u>	<u>304,768,558</u>	<u>8,568,415,050</u>
Personal property (1):																
Primary mobile homes.....	0	0	0	0.0	0	0	0	0	0	0	0	0	0	0	0	0
Secondary mobile homes.....	0	0	0	0.0	0	0	0	0	0	0	0	0	0	0	0	0
Other business personal.....	87,264,486	4,797,183	92,061,669	0.8	87,264,486	4,797,183	92,061,669	80,469,488	4,989,836	85,459,324	77,991,069	5,166,934	83,158,003	73,161,455	5,770,600	78,932,055
SCME.....	0	0	0	0.0	0	0	0	0	0	0	0	0	0	0	0	0
Total personal property....	<u>87,264,486</u>	<u>4,797,183</u>	<u>92,061,669</u>	<u>0.8</u>	<u>87,264,486</u>	<u>4,797,183</u>	<u>92,061,669</u>	<u>80,469,488</u>	<u>4,989,836</u>	<u>85,459,324</u>	<u>77,991,069</u>	<u>5,166,934</u>	<u>83,158,003</u>	<u>73,161,455</u>	<u>5,770,600</u>	<u>78,932,055</u>
Total locally assessed.....	<u>11,372,059,156</u>	<u>342,101,729</u>	<u>11,714,160,885</u>	<u>99.5</u>	<u>10,197,924,033</u>	<u>342,101,729</u>	<u>10,540,025,762</u>	<u>9,760,456,447</u>	<u>343,096,137</u>	<u>10,103,552,584</u>	<u>9,003,958,288</u>	<u>323,251,547</u>	<u>9,327,209,835</u>	<u>8,336,807,947</u>	<u>310,539,158</u>	<u>8,647,347,105</u>
Total taxable value.....	<u>\$ 11,432,538,913</u>	<u>\$ 343,490,528</u>	<u>\$ 11,776,029,441</u>	<u>100.0 %</u>	<u>\$ 10,257,010,121</u>	<u>\$ 342,611,131</u>	<u>\$ 10,599,621,252</u>	<u>\$ 9,815,279,380</u>	<u>\$ 343,554,088</u>	<u>\$ 10,158,833,468</u>	<u>\$ 9,056,806,155</u>	<u>\$ 323,734,815</u>	<u>\$ 9,380,540,970</u>	<u>\$ 8,383,478,776</u>	<u>\$ 310,920,209</u>	<u>\$ 8,694,398,985</u>

* Preliminary; subject to change.

(1) Does not include taxable valuation associated with SCME (sem-conductor manufacturing equipment)

(Source: Property Tax Division, Utah State Tax Commission.)

FINANCIAL INFORMATION REGARDING PARK CITY, UTAH

Fund Structure; Accounting Basis

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds are aggregated and reported in single column on the proprietary fund financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in the governmental fund statements. Revenues are recognized in the accounting period in which they become both measurable and available. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost-reimbursement grants are accrued when the related expenditures are incurred.

In the proprietary fund statements and the government-wide statements, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

Budgets And Budgetary Accounting

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Cities, Title 10, Chapter 6, Utah Code (the “Fiscal Procedures Act”). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds, capital project funds and proprietary funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regular meeting of the City Council of the City in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments but must file these submissions with the City Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the tentative budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 30 of each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund more than the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act. The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year.

Also, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note A. Summary of Significant Accounting Policies” (ACFR page 43).

Financial Controls

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the City has also empowered the Finance Director to maintain control of major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Finance Director checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued.

Management's Current Discussion And Analysis Of Financial Operations

Potential Impact Of The Coronavirus (COVID-19). Summary. The COVID-19 outbreak in the United States has produced nationwide economic uncertainties that have impacted the City. The extent of the continued impact of COVID-19 on the City's operational and financial performance will depend upon certain developments, including duration and spread of the outbreak. The State's first confirmed case of COVID-19 was on March 6, 2020. Public health data and other information related to the State is published at <https://coronavirus.utah.gov/>.

City Actions. With the impacts of COVID-19 beginning in March 2020, the City activated its (pre-existing policy) "recession plan" where expense reductions were immediately implemented to close a projected General Fund revenue shortfall of \$3.9 million for Fiscal Year 2020. The City's prime season for ski-related tourism and revenue was mostly complete by the time COVID-19 forced various shutdowns. Fiscal Year 2020 ended with modest use of the City's substantial reserves, due to City administrators stopping non-essential expenses through enactment of the City's recession plan. The City's strategy to combat the economic downturn was to utilize a combination of delayed pay-go capital projects, moderate expense reductions, and modest reserve usage.

For Fiscal Year 2020, the City was awarded \$3.4 million in funds from the Coronavirus Aid, Relief and Economic Security ("CARES") Act Coronavirus Relief Funds ("CRF"). The City used those funds to help defray the costs of emergency response to COVID-19, as well as provide support to individuals, agencies and businesses affected by COVID-19, as directed by the US Treasury Department. The City was awarded an additional approximate \$1 million by American Rescue Plan. The City will receive these funds in two tranches: the first in the amount of \$504,528, received July 15, 2021 and the second will be received in Fiscal Year 2023. These funds have been and will be used as described above.

Significant developments regarding COVID-19 continue to occur daily and the extent to which COVID-19 will impact the City in the future is highly uncertain and cannot be predicted. ***However, the City does not expect COVID-19 to negatively impact the City's ability to pay principal of and interest on its Bonds.***

General Fund Balances. Budgetary. In Fiscal Year 2019, the fund balance was budgeted at \$12.6 million and adjusted to \$13.7 million (\$1.1 million more or an 8.9% increase from the original budget amount). For Fiscal Year 2020, the fund balance was budgeted at \$12.9 million and adjusted to \$12.2 million (\$700,000 less or an 5.4% decrease from the original budget amount). For Fiscal Year 2021 the fund balance was budgeted at \$7.5 million and adjusted to \$14.1 million (\$6.6 million more or an 88% increase from the original budget amount). For comparison, for Fiscal Year 2021 the adjusted budget amount of \$14.1 million was \$1.9 million more or a 15.6% increase as compared to Fiscal Year 2020 adjusted budgetary fund balance of \$12.2 million).

General Fund Balances. Budgetary Actual. For Fiscal Year 2019, the fund balance was \$14.0 million (\$300,000 more or a 2.2% increase as compared to the Fiscal Year 2019 adjusted budgetary fund balance of \$13.7 million). For Fiscal Year 2020, the fund balance was \$12.9 million (\$700,000 more or a 5.7% increase as compared to the Fiscal Year 2020 adjusted budgetary fund balance of \$12.2 million). For Fiscal Year 2021, the fund balance of the General Fund is expected to be approximately \$14.1 million.

For Fiscal Year 2022 the budgetary fund balance is projected to be \$12.1 million (\$2 million less or a 14% decrease as compared to the Fiscal Year 2021 adjusted budgetary fund balance of \$14.1 million).

Property Tax Collections. Overall, collection rates for the past five years have remained constant from 95% in Fiscal Year 2017 to approximately 94% in Fiscal Year 2021. For Fiscal Year 2019 combined property taxes were \$21.4 million (\$300,000 more or a 1.4% increase as compared to the Fiscal Year 2019 adjusted budget amount of \$21.1 million). For Fiscal Year 2020 combined property taxes were \$25.5 million (\$1 million less or a 3.8% decrease as compared to the Fiscal Year 2020 adjusted budget amount of \$26.5 million). For Fiscal Year 2021 combined property taxes are anticipated to be \$27.9 million (\$200,000 more or a 0.7% increase as compared to the Fiscal Year 2021 adjusted budget amount of \$27.7 million).

For Fiscal Year 2022, the City has budgeted combined property taxes to be \$27.4 million. For comparison, for Fiscal Year 2022 the combined property taxes amount of \$27.4 million is anticipated to be \$500,000 less or a 1.8% decrease as compared to Fiscal Year 2021 anticipated combined property taxes amount of \$27.9 million).

Sales Tax Revenue Collections (excluding Franchise Sales Taxes). For Fiscal Year 2019 sales tax revenue collections were \$29.3 million. For Fiscal Year 2020 sales tax revenue collections were \$30.4 million (\$300,000 less or a 1% decrease as compared to the Fiscal Year 2020 original budget amount of \$30.7 million and \$3.4 million more or a 12.6% increase as compared to the Fiscal Year 2020 adjusted budget amount of \$27 million). For Fiscal Year 2021 sales tax revenue collection are anticipated to be \$27.5 million (\$4 million more or a 17% increase as compared to the Fiscal Year 2021 original budget amount of \$23.5 million and \$400,000 less or a 1.1% decrease as compared to the Fiscal Year 2021 adjusted budget amount of \$27.9 million).

For Fiscal Year 2022, the City has budgeted sales tax collection revenues to be \$32.3 million (\$4.8 million more or a 17.5% increase as compared to Fiscal Year 2021 sales tax revenue collections of \$27.5 million

In order to provide a framework to evaluate Fiscal Year 2022, the City continues to utilize the following budgetary principles to help inform and guide the underlying approach of: (a) fiscal responsibility (transparent local decision-making, conservative economic projections, and resist reactive short-term savings at the expense of long-term prosperity); (b) commitment and compassion (maintain core local government service commitments—public safety, health and wellbeing, economic opportunity); and (c) shared sacrifice (no one group shall bear a disproportionate burden).

For a City’s discussion on COVID-19 regarding Fiscal Year 2020 and Fiscal Year 2021 see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note S. Other Information—COVID-19 and CARES Act” (ACFR page 86).

Sources of General Fund Revenues

Set forth below are brief descriptions of the various sources of revenues available to the City’s General Fund as compiled by the Municipal Advisor from information taken from the Fiscal Year 2020 ACFR. The percentage of total General Fund revenues represented by each source is based on the City’s Fiscal Year 2020 (total General Fund revenues were \$33,035,069).

Taxes and special assessments. Approximately 70% (or \$23,160,141) of general fund revenues are from taxes and special assessments.

Licenses and permits. Approximately 17% (or \$5,776,248) of general fund revenues are collected from licenses and permits.

Charges for services. Approximately 8% (or \$2,574,679) of general fund revenues are from charges for services.

Rentals and other. Approximately 2% (or \$589,481) of general fund revenues are collected from other miscellaneous items.

Investment income. Approximately 1% (or \$359,111) of general fund revenues are collected from interest income.

Intergovernmental revenue. Approximately 1% (or \$336,723) of general fund revenues are from State and federal shared grant revenues or grants.

Miscellaneous. Approximately 1% (or \$216,373) of general fund revenues are from miscellaneous revenues.

Fines and forfeitures. Less than 1% (or \$23,313) of general fund revenues are from fines and forfeitures.

Five Year Financial Summaries

The summaries contained herein were extracted from the City’s ACFR reports. The summaries themselves have not been audited.

The City’s annual financial report for Fiscal Year 2021 must be completed under State law by December 31, 2021.

Park City

Statement of Net Position

(This summary has not been audited)

	As of June 30				
	2020	2019	2018	2017	2016
Assets and deferred outflows of resources					
Assets					
Current assets					
Cash, cash equivalents and investments.....	\$ 91,143,933	\$ 68,768,707	\$ 66,635,201	\$ 64,906,033	\$ 77,276,957
Receivables (net allowance for uncollectible)					
Restricted cash, cash equivalents, fiscal agent.....	71,929,505	30,394,766	11,398,912	6,380,142	6,690,285
Taxes.....	28,481,976	28,179,289	24,009,992	23,385,693	20,740,471
Accounts.....	15,297,972	11,479,937	9,079,648	11,928,740	2,553,439
Restricted cash, cash equivalents, other.....	10,856,824	7,194,635	6,604,245	6,318,540	6,312,535
Prepaid items.....	1,265,462	1,156,002	1,263,500	2,239,181	528,089
Inventories.....	935,683	864,724	794,366	825,319	772,836
Notes.....	250,225	749,970	1,273,106	1,799,575	314,353
Buildings held for resale.....	-	-	166,096	-	-
Net pension asset.....	-	-	3,365	3,713	7,661
Total current assets.....	220,161,580	148,788,030	121,228,431	117,786,936	115,196,626
Noncurrent assets					
Land and water rights.....	266,062,802	264,361,177	200,070,570	170,855,021	129,838,076
Improvements other than buildings.....	77,590,523	79,765,683	82,480,502	82,644,790	70,302,422
Construction in progress.....	51,527,332	30,017,548	28,003,663	12,052,772	10,931,485
Buildings.....	50,598,244	49,424,165	46,155,763	43,753,494	42,117,192
Vehicles and equipment.....	23,505,583	25,690,978	23,770,469	23,705,654	15,058,504
Infrastructure.....	21,566,939	22,956,314	23,161,347	25,800,212	29,114,178
Intangibles.....	8,571,769	8,486,048	8,271,741	5,608,810	5,652,891
Right to use asset.....	3,338,722	-	-	-	-
Art.....	917,603	889,333	839,333	827,833	827,833
Prepays.....	800,648	1,426,701	-	-	-
Notes.....	13,161	18,386	-	-	-
Total noncurrent assets.....	504,493,326	483,036,333	412,753,388	365,248,586	303,842,581
Deferred outflows of resources					
Related to pensions.....	3,315,416	7,434,656	7,335,717	6,578,882	5,277,742
Deferred charge on refunding.....	-	-	-	-	7,477
Total deferred outflows of resources.....	3,315,416	7,434,656	7,335,717	6,578,882	5,285,219
Total assets and deferred outflows of resources...	\$ 727,970,322	\$ 639,259,019	\$ 541,317,536	\$ 489,614,404	\$ 424,324,426
Liabilities, deferred inflows of resources and net position					
Current liabilities					
Revenue bonds.....	\$ 7,530,000	\$ 8,035,000	\$ 6,495,000	\$ 4,720,000	\$ 4,530,000
Accrued liabilities.....	7,210,548	4,221,062	3,174,630	2,674,359	2,868,301
Accounts payable.....	6,992,704	5,966,218	5,395,183	10,204,455	4,243,398
General obligation bonds.....	6,030,000	5,910,000	4,360,000	4,945,000	3,300,000
Compensated absences.....	992,375	913,654	525,320	534,198	431,558
Contract payable.....	141,311	-	-	-	-
Noncurrent liabilities					
Revenue bonds.....	166,096,899	102,476,579	80,928,230	54,793,151	59,904,698
General obligation bonds.....	83,708,177	85,722,655	40,913,366	45,540,922	22,709,111
Net pension liability.....	7,174,185	14,568,026	7,780,234	11,020,794	10,109,665
Contract payable.....	3,039,674	-	-	-	-
Compensated absences.....	368,788	313,404	699,776	670,641	681,413
Total liabilities.....	289,284,661	228,126,598	150,271,739	135,103,520	108,778,144
Deferred inflows of resources					
Property taxes.....	24,703,651	23,863,826	20,046,312	19,785,339	17,605,701
Deferred inflows of resources related to pensions.....	4,155,337	514,445	6,025,822	1,803,202	1,142,122
Deferred gain on refunding.....	704,659	500,262	217,783	321,672	425,561
Deferred inflows of resources—unavailable revenue.....	-	-	166,096	-	-
Total deferred outflows of resources.....	29,563,647	24,878,533	26,456,013	21,910,213	19,173,384
Net position					
Net investment in capital assets, net of related debt.....	331,580,232	313,830,787	294,285,169	266,635,094	226,244,026
Unrestricted.....	68,526,018	65,169,526	52,106,301	53,207,221	57,077,412
Restricted—expendable					
Capital projects.....	8,956,824	7,194,635	12,804,288	7,545,300	7,872,086
Other.....	58,940	58,940	195,157	59,674	48,640
Debt service.....	-	-	5,198,869	5,153,382	5,130,734
Total net position.....	409,122,014	386,253,888	364,589,784	332,600,671	296,372,898
Total liabilities, deferred outflows of resources and net position.....	\$ 727,970,322	\$ 639,259,019	\$ 541,317,536	\$ 489,614,404	\$ 424,324,426

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

Park City

Statement of Activities

Primary Government

(This summary has not been audited)

	Net (Expense) Revenues and Changes in Net Position				
	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Primary government					
Governmental activities					
General administration.....	\$ (10,901,126)	\$ (16,996,608)	\$ (8,453,620) (1)	\$ (16,081,356)	\$ (15,890,669)
Interest on long-term debt.....	(9,041,292)	(3,558,591)	(2,537,159)	(1,366,939)	(1,456,433)
Public safety.....	(7,351,939)	(6,531,558)	(6,602,184)	(6,120,140)	(5,568,527)
Public works.....	(6,144,127)	(6,442,760)	(6,599,786)	(6,579,137)	(6,614,280)
Library and recreation.....	(3,661,676)	(4,406,919)	(4,347,803)	(4,543,268)	(4,364,424)
Total governmental activities.....	<u>(37,100,160)</u>	<u>(37,936,436)</u>	<u>(28,540,552)</u>	<u>(34,690,840)</u>	<u>(33,894,333)</u>
Business-type activities					
Water.....	3,170,092	7,117,307	5,865,516	5,241,895	3,454,755
Stormwater.....	160,572	101,207	356,629	(182,783)	-
Golf course.....	(346,038)	(296,838)	(508,266)	(392,242)	(401,762)
Transportation and parking.....	(9,180,300)	(7,031,331)	(6,155,003)	7,714,682 (2)	(6,530,317)
Total business-type activities.....	<u>(6,195,674)</u>	<u>(109,655)</u>	<u>(441,124)</u>	<u>12,381,552</u>	<u>(3,477,324)</u>
Total primary government.....	<u>(43,295,834)</u>	<u>(38,046,091)</u>	<u>(28,981,676)</u>	<u>(22,309,288)</u>	<u>(37,371,657)</u>
General revenues					
Property tax, levied for general purposes...	17,445,636	15,499,965	14,686,693	14,350,265	14,755,299
Resort tax.....	16,460,084	16,741,000	14,491,767	12,253,267	11,154,870
General sales and use tax.....	13,949,845	12,532,041	11,533,196	10,853,881	10,057,192
Property tax, levied for debt service.....	9,281,384	6,036,374	6,432,184	4,220,158	3,723,453
Miscellaneous.....	3,500,438	3,432,176	2,251,525	5,313,379	1,787,387
Franchise tax.....	3,161,759	3,230,881	3,147,847	3,194,392	3,185,820
Investment earnings.....	2,285,622	2,878,988	1,495,483	985,132	761,877
Gain on sale of capital assets.....	79,192	(641,230)	-	-	492,730
Total general revenues.....	<u>66,163,960</u>	<u>59,710,195</u>	<u>54,038,695</u>	<u>51,170,474</u>	<u>45,918,628</u>
Change in net position.....	22,868,126	21,664,104	25,057,019	28,861,186	8,546,971
Net position-beginning.....	386,253,888	364,589,784	332,600,671	296,372,898	287,825,927
Adjustment.....	-	-	6,932,094	7,366,587	-
Net position-ending.....	<u>\$ 409,122,014</u>	<u>\$ 386,253,888</u>	<u>\$ 364,589,784</u>	<u>\$ 332,600,671</u>	<u>\$ 296,372,898</u>

(1) Large decrease is a result of contributions received and donated assets acquired.

(2) The City received a Utah Department of Transportation capital grant in the amount of \$13.5 million.

This report is presented in summary format concerning the single item of "Net (Expense) Revenue and Changes in Net Assets" and is not intended to be complete.

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

Park City

Balance Sheet—Governmental Funds

General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Assets					
Taxes.....	\$ 11,937,762	\$ 12,059,796	\$ 11,744,936	\$ 11,092,382	\$ 11,178,598
Cash, cash equivalents and investments.....	7,557,075	8,824,487	8,061,742	7,377,755	6,697,948
Prepays.....	24,011	494,360	-	-	-
Accounts.....	112,084	146,657	175,599	105,597	112,234
Interfund loan.....	24,107	55,761	86,867	117,433	-
Other assets.....	-	30,226	50,719	39,212	42,463
Inventory.....	40,468	-	-	-	-
Notes.....	-	-	-	10,000	10,000
Total assets.....	\$ 19,695,507	\$ 21,611,287	\$ 20,119,863	\$ 18,742,379	\$ 18,041,243
Liabilities, deferred inflows of resources and fund balance					
Liabilities					
Accounts payable.....	\$ 719,159	\$ 988,450	\$ 1,164,803	\$ 573,508	\$ 767,260
Accrued liabilities.....	689,076	1,129,718	1,058,852	826,518	798,928
Total liabilities.....	1,408,235	2,118,168	2,223,655	1,400,026	1,566,188
Deferred inflows of resources					
Unavailable revenue—property tax.....	10,303,762	10,092,652	9,883,951	9,657,969	9,636,741
Unavailable revenue—notes.....	24,107	55,761	86,867	127,433	10,000
Total deferred outflows of resources.....	10,327,869	10,148,413	9,970,818	9,785,402	9,646,741
Fund balance					
Unassigned.....	7,811,877	8,705,419	7,730,233	7,497,277	6,779,674
Nonspendable					
Inventory.....	40,468	30,226	50,719	-	-
Interfund loan.....	24,107	55,761	86,867	-	-
Prepays.....	24,011	-	-	-	-
Deposits.....	-	494,360	-	-	-
Restricted for					
Drug and tobacco enforcement.....	58,940	58,940	57,571	59,674	48,640
Total fund balance.....	7,959,403	9,344,706	7,925,390	7,556,951	6,828,314
Total liabilities, deferred inflows of resources and fund balance.....	\$ 19,695,507	\$ 21,611,287	\$ 20,119,863	\$ 18,742,379	\$ 18,041,243

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

Park City

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues					
Taxes and special assessments.....	\$ 23,160,141	\$ 26,658,241	\$ 27,071,434	\$ 23,791,447	\$ 21,731,649
Licenses and permits.....	5,776,248	3,899,003	3,390,668	2,464,561	2,462,374
Charges for services.....	2,574,679	2,837,729	2,225,204	2,115,794	2,119,339
Rental and other miscellaneous.....	589,481	172,703	1,435,524	1,055,613	969,528
Investment income.....	359,111	530,733	256,814	150,770	102,251
Intergovernmental.....	336,723	232,216	149,575	170,243	133,437
Miscellaneous.....	216,373	848,928	-	-	-
Fines and forfeitures.....	22,313	23,108	35,327	42,834	26,902
Total revenues.....	<u>33,035,069</u>	<u>35,202,661</u>	<u>34,564,546</u>	<u>29,791,262</u>	<u>27,545,480</u>
Expenditures					
Current					
General government.....	18,616,889	16,175,897	16,235,727	15,005,872	14,604,316
Public safety.....	6,998,527	6,360,284	6,392,525	5,970,451	5,349,433
Public works.....	5,782,998	5,935,423	5,648,653	5,194,880	4,878,647
Library and recreation.....	4,273,728	4,367,960	4,237,835	4,080,211	3,824,435
Total expenditures.....	<u>35,672,142</u>	<u>32,839,564</u>	<u>32,514,740</u>	<u>30,251,414</u>	<u>28,656,831</u>
Excess of revenues over (under) expenditures....	<u>(2,637,073)</u>	<u>2,363,097</u>	<u>2,049,806</u>	<u>(460,152)</u>	<u>(1,111,351)</u>
Other financing sources (uses)					
Operating transfers in.....	2,724,847	2,673,664	2,577,182	2,397,547	2,256,360
Operating transfers out.....	<u>(1,473,077)</u>	<u>(3,617,445)</u>	<u>(4,258,549)</u>	<u>(1,208,758)</u>	<u>(1,200,089)</u>
Total other financing sources (uses)...	<u>1,251,770</u>	<u>(943,781)</u>	<u>(1,681,367)</u>	<u>1,188,789</u>	<u>1,056,271</u>
Net change in fund balances.....	<u>(1,385,303)</u>	<u>1,419,316</u>	<u>368,439</u>	<u>728,637</u>	<u>(55,080)</u>
Fund balance at beginning of year.....	<u>9,344,706</u>	<u>7,925,390</u>	<u>7,556,951</u>	<u>6,828,314</u>	<u>6,883,394</u>
Fund balance at end of year.....	<u>\$ 7,959,403</u>	<u>\$ 9,344,706</u>	<u>\$ 7,925,390</u>	<u>\$ 7,556,951</u>	<u>\$ 6,828,314</u>

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

DEBT STRUCTURE OF PARK CITY, UTAH

Outstanding Water Revenue Bonded Indebtedness

The City has outstanding the following water revenue bonds:

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2021 (Green) (a) ..	Water/refunding	\$66,135,000	December 15, 2041	\$ 66,135,000
2020 (Green).....	Water/refunding	75,515,000	December 15, 2039	73,495,000
2014	Water	4,115,000	June 15, 2026	4,115,000
2013A	Refunding	2,830,000	December 15, 2025	1,260,000
2012B (2).....	Water/refunding	5,525,000	December 15, 2021 (4)	0
2012 (2)	Water	4,160,000	October 19, 2021 (4)	0
2009A (3).....	Water (taxable)/DWQ	2,500,000	July 15, 2029	<u>1,000,000</u>
Total				<u>\$146,005,000</u>

(a) For purposes of this OFFICIAL STATEMENT the 2021 Bonds will be considered issued and outstanding.

- (1) Unless otherwise indicated, rated “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) and “AA” by S&P Global Ratings (“S&P”), as of the date of this OFFICIAL STATEMENT.
- (2) The outstanding portion of these bonds are to be called and retired by the 2021 Bonds.
- (3) Not rated; no rating applied for. These bonds were privately placed with DWQ. These bonds bear no interest and are federal-ly taxable.
- (4) Final maturity date after bonds are called and retired by the 2021 Bonds.

(Source: Municipal Advisor.)

Outstanding General Obligation Bonded Indebtedness

The City has outstanding the following general obligation bonds:

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2020	Open space/refunding	\$ 9,470,000	May 1, 2035	\$ 8,085,000
2019	Open space/refunding	48,290,000	February 1, 2034	42,635,000
2017	Open space	25,000,000	February 1, 2032	19,435,000
2013A	Walkability	7,170,000	May 1, 2028	<u>3,730,000</u>
Total				<u>\$73,885,000</u>

- (1) Unless otherwise indicated, rated “AA+” by Fitch Ratings (“Fitch”); “Aaa” by Moody’s; and “AA+” by S&P, as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

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Outstanding Sales Tax Revenue Bonded Indebtedness

The City has outstanding the following sales tax revenue bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2019 (1)	Various	\$26,775,000	December 15, 2033	\$24,200,000
2017 (1)	Various	31,940,000	June 15, 2032	24,850,000
2015 (1)	Various	11,600,000	June 15, 2030	7,645,000
2014B (2).....	Various	5,375,000	June 15, 2029	<u>5,375,000</u>
Total				<u>\$62,070,000</u>

(1) Rated “AA-” by S&P, as of the date of this OFFICIAL STATEMENT.

(2) Rated “AA” (Municipal Assurance Corp. insured; underlying “AA-”) by S&P, as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

Other Financial Considerations

Future issuance of bonds. Other than the issuance of the 2021 Bonds or any refunding opportunities, the City does not anticipate the issuance of any bonds at this time. However, the City reserves the right to issue any bonds or other obligations as its capital needs may require.

Conduit Debt. From time to time the City may issue conduit debt for private business. See “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note P. Conduit Debt” (ACFR page 85). The City has only limited liability for these bond issues.

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Debt Service Schedule of Outstanding Water Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2021 \$66,135,000		Series 2020 \$75,515,000		Series 2014 \$4,115,000		Series 2013A \$2,830,000		Series 2012B \$5,525,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$133,737	\$ 235,000	\$ 32,350	\$ 0	\$ 124,313
2021.....	0	0	2,020,000	2,521,928	0	133,738	240,000	27,600	0	124,312
2022.....	0	1,468,726	2,125,000	2,425,469	0	133,738	245,000	22,750	0	0 (3)
2023.....	2,175,000	2,130,506	2,250,000	2,316,094	0	133,738	245,000	17,850	0	0 (3)
2024.....	2,325,000	2,018,006	2,325,000	2,201,719	0	133,738	250,000	12,900	0	0 (3)
2025.....	2,300,000	1,902,381	175,000	2,139,219	2,350,000	133,738	255,000	7,850	0	0 (3)
2026.....	3,280,000	1,762,881	0	2,134,844	1,765,000	57,363	265,000	2,650	0	0 (3)
2027.....	3,645,000	1,589,756	1,945,000	2,086,219	-	-	-	-	0	0 (3)
2028.....	3,875,000	1,401,756	2,000,000	1,987,594	-	-	-	-	0	0 (3)
2029.....	1,930,000	1,256,631	4,250,000	1,831,344	-	-	-	-	-	-
2030.....	2,020,000	1,157,881	4,475,000	1,613,219	-	-	-	-	-	-
2031.....	2,255,000	1,051,006	4,700,000	1,383,844	-	-	-	-	-	-
2032.....	2,385,000	935,006	4,875,000	1,193,219	-	-	-	-	-	-
2033.....	2,495,000	825,481	5,025,000	1,044,719	-	-	-	-	-	-
2034.....	2,575,000	749,831	5,175,000	891,719	-	-	-	-	-	-
2035.....	2,610,000	697,981	5,350,000	733,844	-	-	-	-	-	-
2036.....	2,675,000	645,131	5,500,000	571,094	-	-	-	-	-	-
2037.....	2,715,000	591,231	5,650,000	432,094	-	-	-	-	-	-
2038.....	2,765,000	536,431	5,775,000	314,234	-	-	-	-	-	-
2039.....	2,845,000	480,331	5,875,000	190,453	-	-	-	-	-	-
2040.....	2,880,000	421,281	6,025,000	64,016	-	-	-	-	-	-
2041.....	9,095,000	294,047	-	-	-	-	-	-	-	-
2042.....	9,290,000	98,706	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 66,135,000</u>	<u>\$ 22,014,992</u>	<u>\$ 75,515,000</u>	<u>\$ 28,076,882</u>	<u>\$ 4,115,000</u>	<u>\$859,789</u>	<u>\$ 1,735,000</u>	<u>\$ 123,950</u>	<u>\$ 0</u>	<u>\$ 248,625</u>

Fiscal Year Ending June 30	Series 2012 \$4,160,000		Series 2010 (a) \$12,200,000		Series 2009C (a) \$10,135,000		Series 2009A \$2,500,000	Totals		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal (2)	Total Principal	Total Interest	
2020.....	\$ 280,000	\$ 78,250	\$ 870,000	\$ 219,550	\$ 1,900,000	\$508,638 (1)	\$ 125,000	\$ 3,410,000	\$ 1,096,838 (1)	\$ 4,506,838
2021.....	290,000	69,850	0	0 (4)	0	0 (4)	125,000	2,675,000	2,877,428	5,552,428
2022.....	0	0 (3)	0	0 (4)	0	0 (4)	125,000	2,495,000	4,050,682	6,545,682
2023.....	0	0 (3)	0	0 (4)	0	0 (4)	125,000	4,795,000	4,598,188	9,393,188
2024.....	0	0 (3)	0	0 (4)	0	0 (4)	125,000	5,025,000	4,366,363	9,391,363
2025.....	0	0 (3)	0	0 (4)	-	-	125,000	5,205,000	4,183,188	9,388,188
2026.....	0	0 (3)	-	-	-	-	125,000	5,310,000	3,957,738	9,267,738
2027.....	0	0 (3)	-	-	-	-	125,000	5,590,000	3,675,975	9,265,975
2028.....	-	-	-	-	-	-	125,000	5,875,000	3,389,350	9,264,350
2029.....	-	-	-	-	-	-	125,000	6,180,000	3,087,975	9,267,975
2030.....	-	-	-	-	-	-	125,000	6,495,000	2,771,100	9,266,100
2031.....	-	-	-	-	-	-	-	6,955,000	2,434,850	9,389,850
2032.....	-	-	-	-	-	-	-	7,260,000	2,128,225	9,388,225
2033.....	-	-	-	-	-	-	-	7,520,000	1,870,200	9,390,200
2034.....	-	-	-	-	-	-	-	7,750,000	1,641,550	9,391,550
2035.....	-	-	-	-	-	-	-	7,960,000	1,431,825	9,391,825
2036.....	-	-	-	-	-	-	-	8,175,000	1,216,225	9,391,225
2037.....	-	-	-	-	-	-	-	8,365,000	1,023,325	9,388,325
2038.....	-	-	-	-	-	-	-	8,540,000	850,666	9,390,666
2039.....	-	-	-	-	-	-	-	8,720,000	670,784	9,390,784
2040.....	-	-	-	-	-	-	-	8,905,000	485,297	9,390,297
2041.....	-	-	-	-	-	-	-	9,095,000	294,047	9,389,047
2042.....	-	-	-	-	-	-	-	9,290,000	98,706	9,388,706
Totals.....	<u>\$ 570,000</u>	<u>\$ 148,100</u>	<u>\$ 870,000</u>	<u>\$ 219,550</u>	<u>\$ 1,900,000</u>	<u>\$508,638</u>	<u>\$ 1,375,000</u>	<u>\$ 151,590,000</u>	<u>\$ 52,200,525</u>	<u>\$ 203,790,525</u>

(a) This bond issue has been included in this table because final principal and interest payment occurred in Fiscal Year 2020.

(1) Does not reflect a 35% federal interest rate subsidy on the 2009C Bonds which were issued as Build America Bonds.

(2) Issued as a private placement with a 0% interest rate.

(3) Principal and interest were refunded by the 2021 Bonds.

(4) Principal and interest were refunded by the 2020 Bonds.

(Source: the Municipal Advisor.)

Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2020 \$9,470,000		Series 2019 \$48,290,000		Series 2017 \$25,000,000		Series 2013A \$7,170,000		Series 2010B (a) \$6,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020.....	\$ 0	\$ 0	\$ 2,860,000	\$ 2,014,771	\$ 1,335,000	\$ 910,350	\$ 455,000	\$ 129,413	\$ 410,000	\$ 131,335
2021.....	1,385,000	434,468	2,795,000	2,081,900	1,385,000	843,600	465,000	120,313	0	0 (1)
2022.....	1,435,000	371,338	2,945,000	1,942,150	1,440,000	774,350	480,000	109,850	0	0 (1)
2023.....	1,500,000	299,588	3,090,000	1,794,900	1,500,000	702,350	500,000	97,850	0	0 (1)
2024.....	1,570,000	224,588	3,245,000	1,640,400	1,560,000	627,350	515,000	84,100	0	0 (1)
2025.....	615,000	146,088	3,405,000	1,478,150	1,625,000	549,350	530,000	69,938	0	0 (1)
2026.....	240,000	115,338	2,730,000	1,307,900	1,685,000	468,100	550,000	54,038	-	-
2027.....	250,000	103,338	2,870,000	1,171,400	1,755,000	383,850	565,000	37,538	-	-
2028.....	265,000	90,838	3,015,000	1,027,900	1,825,000	296,100	590,000	19,175	-	-
2029.....	275,000	77,588	3,165,000	877,150	1,900,000	241,350	-	-	-	-
2030.....	290,000	63,838	3,320,000	718,900	1,975,000	184,350	-	-	-	-
2031.....	305,000	49,338	3,490,000	552,900	2,055,000	125,100	-	-	-	-
2032.....	320,000	37,138	3,625,000	413,300	2,115,000	63,450	-	-	-	-
2033.....	330,000	27,538	3,810,000	232,050	-	-	-	-	-	-
2034.....	340,000	17,638	3,925,000	117,750	-	-	-	-	-	-
2035.....	350,000	7,438	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 9,470,000</u>	<u>\$ 2,066,093</u>	<u>\$ 48,290,000</u>	<u>\$ 17,371,521</u>	<u>\$ 22,155,000</u>	<u>\$ 6,169,650</u>	<u>\$ 4,650,000</u>	<u>\$ 722,213</u>	<u>\$ 410,000</u>	<u>\$ 131,335</u>

Fiscal Year Ending June 30	Series 2009 (a) \$13,500,000		Totals		
	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2020.....	\$ 850,000	\$ 173,515	\$ 5,910,000	\$ 3,359,383	\$ 9,269,383
2021.....	0	0 (1)	6,030,000	3,480,281	9,510,281
2022.....	0	0 (1)	6,300,000	3,197,688	9,497,688
2023.....	0	0 (1)	6,590,000	2,894,688	9,484,688
2024.....	0	0 (1)	6,890,000	2,576,438	9,466,438
2025.....	0	0 (1)	6,175,000	2,243,525	8,418,525
2026.....	-	-	5,205,000	1,945,375	7,150,375
2027.....	-	-	5,440,000	1,696,125	7,136,125
2028.....	-	-	5,695,000	1,434,013	7,129,013
2029.....	-	-	5,340,000	1,196,088	6,536,088
2030.....	-	-	5,585,000	967,088	6,552,088
2031.....	-	-	5,850,000	727,338	6,577,338
2032.....	-	-	6,060,000	513,888	6,573,888
2033.....	-	-	4,140,000	259,588	4,399,588
2034.....	-	-	4,265,000	135,388	4,400,388
2035.....	-	-	350,000	7,438	357,438
Totals.....	<u>\$ 850,000</u>	<u>\$ 173,515</u>	<u>\$ 85,825,000</u>	<u>\$ 26,634,326</u>	<u>\$ 112,459,326</u>

(a) This bond issue is included in this table because the final principal and interest payments occurred in Fiscal Year 2020.

(1) Principal and interest were refunded by the 2020 GO Bonds.

(Source: the Municipal Advisor.)

Debt Service Schedule of Outstanding Sales Tax Revenue Bonds By Fiscal Year

Fiscal Year Ending June 30	Series 2019 \$26,775,000		Series 2017 \$31,940,000		Series 2015 \$11,600,000		Series 2014B \$5,375,000		Series 2014A \$6,725,000		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
	2020.....	\$ 1,250,000	\$1,145,750	\$ 1,670,000	\$1,099,353	\$ 680,000	\$ 320,125	\$ 0	\$ 164,912	\$1,025,000	\$62,300	\$ 4,625,000	\$ 2,792,440
2021.....	1,325,000	1,081,375	1,755,000	1,015,853	710,000	292,925	0	164,912	1,065,000	21,300	4,855,000	2,576,365	7,431,365
2022.....	1,400,000	1,013,250	1,780,000	989,528	735,000	264,525	605,000	164,912	–	–	4,520,000	2,432,215	6,952,215
2023.....	1,475,000	941,375	1,870,000	900,528	765,000	235,125	625,000	146,763	–	–	4,735,000	2,223,791	6,958,791
2024.....	1,550,000	865,750	1,965,000	807,028	795,000	204,525	640,000	128,013	–	–	4,950,000	2,005,316	6,955,316
2025.....	1,600,000	811,000	2,060,000	708,778	820,000	180,675	660,000	108,813	–	–	5,140,000	1,809,266	6,949,266
2026.....	1,650,000	753,750	2,165,000	605,778	845,000	156,075	680,000	89,013	–	–	5,340,000	1,604,616	6,944,616
2027.....	1,750,000	668,750	2,275,000	497,528	880,000	122,275	700,000	68,613	–	–	5,605,000	1,357,166	6,962,166
2028.....	1,825,000	579,375	2,385,000	383,778	905,000	95,875	720,000	47,613	–	–	5,835,000	1,106,641	6,941,641
2029.....	1,925,000	485,625	2,480,000	288,378	930,000	68,725	745,000	24,213	–	–	6,080,000	866,941	6,946,941
2030.....	2,025,000	386,875	2,555,000	213,978	970,000	31,525	–	–	–	–	5,550,000	632,378	6,182,378
2031.....	2,125,000	293,750	2,620,000	147,548	–	–	–	–	–	–	4,745,000	441,298	5,186,298
2032.....	2,200,000	207,250	2,695,000	76,808	–	–	–	–	–	–	4,895,000	284,058	5,179,058
2033.....	2,300,000	117,250	–	–	–	–	–	–	–	–	2,300,000	117,250	2,417,250
2034.....	2,375,000	35,625	–	–	–	–	–	–	–	–	2,375,000	35,625	2,410,625
Totals.....	<u>\$26,775,000</u>	<u>\$9,386,750</u>	<u>\$ 28,275,000</u>	<u>\$7,734,858</u>	<u>\$9,035,000</u>	<u>\$1,972,375</u>	<u>\$5,375,000</u>	<u>\$1,107,777</u>	<u>\$2,090,000</u>	<u>\$83,600</u>	<u>\$71,550,000</u>	<u>\$20,285,360</u>	<u>\$91,835,360</u>

(Source: the Municipal Advisor.)

Overlapping And Underlying General Obligation Debt

Taxing Entity	2021 Taxable Value (1)	City's Portion of Tax- able Value	City's Per- centage	Entity's General Obligation Debt	City's Portion of G.O. Debt
<i>Overlapping</i>					
State of Utah	\$379,388,497,596	\$11,776,029,441	3.1%	\$2,162,715,000	\$67,044,165
WBWCD (2).....	83,840,277,148	11,498,382,411	13.7	10,095,000	<u>1,383,015</u>
Total overlapping					<u>68,427,180</u>
<i>Underlying</i>					
CUWCD (3).....	221,190,617,282	277,647,030	0.1	154,005,000	154,005
Snyderville Basin Rec. District (bond) (4)	13,955,504,271	1,242,039,880	8.9	43,765,000	3,895,085
Wasatch County.....	8,384,478,978	343,490,528	4.1	5,085,000	208,485
Wasatch School District	8,384,478,978	343,490,528	4.1	74,210,000	<u>3,042,610</u>
Total underlying					<u>7,300,185</u>
Total overlapping and underlying general obligation debt					<u>\$75,727,365</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (5)					\$ 1,383,015
Total <i>direct</i> general obligation bonded indebtedness					<u>73,885,000</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State).....					<u>\$75,268,015</u>

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

- (1) *Preliminary; subject to change.* Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property and valuation on semiconductor manufacturing equipment. See “Taxable, Fair Market And Market Value Of Property” above.
- (2) WBWCD covers all of Morgan County, most of Davis and Weber Counties, and portions of Box Elder County and the County. Certain portions of the principal of and interest on WBWCD’s general obligation bonds are paid from sales of water.
- (3) Underlying portion of this debt is in Wasatch County. Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (4) The City and Snyderville Basin Special Recreation District adjusted the recreational district’s taxing boundaries and certain portions of the City remain responsible for general obligation bonds previously issued by the recreation district.
- (5) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(Source: Municipal Advisor.)

For the City’s presentation of Fiscal Year 2020 direct and overlapping debt, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Information—Schedule 16. Direct and Overlapping Governmental Activities Debt as of June 30, 2020” (ACFR page 126).

Debt Ratios Regarding General Obligation Debt

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the City, the estimated market value of such property and the population of the City. *The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

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	To 2021 Estimated Taxable Value (1)	To 2021 Estimated Market Value (2)	To 2020 Population Estimate Per Capita (3)
Direct general obligation debt	0.63%	0.55%	\$8,800
Direct and overlapping general obligation debt	0.64	0.56	8,965

- (1) Based on an estimated 2021 Taxable Value of \$10,158,833,468, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
 - (2) Based on an estimated 2021 Market Value of \$11,472,124,948, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
 - (3) Based on 2020 population estimate of 8,396 by the U.S. Census Bureau.
- (Source: Municipal Advisor.)

Also, see “PARK CITY, UTAH—Taxable, Fair Market And Market Value Of Property” above.

For a 10-year history of debt ratios of the City regarding general obligation bonds, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 15. Ratios of General Bonded Debt Outstanding” (ACFR page 125).

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the City is limited by State law to 12% of the fair market value of taxable property in the City (4% for general purposes and an additional 8% for sewer, water, and electric purposes). The legal debt limit and additional debt incurring capacity of the City are based on the estimated fair market value for 2021 and the calculated valuation value from 2020 uniform fees, and are calculated as follows:

2021 Estimated “Fair Market Value”			\$11,776,029,411
2020 Valuation from Uniform Fees (1)			<u>16,307,781</u>
2021 Estimated “Fair Market Value for Debt Incurring Capacity”			<u>\$11,792,337,192</u>
	8% Sewer, Water and Electric	4% Other Purposes	12% Total
“Fair Market Value” x 8%	\$943,386,975	\$ 0	\$ 943,386,975
“Fair Market Value” x 4%	<u>0</u>	<u>471,693,488</u>	<u>471,693,488</u>
Total debt incurring capacity	943,386,975	471,693,488	1,415,080,463
Less: current outstanding general obligation debt	<u>(0)</u>	<u>(83,708,177)</u>	<u>(83,708,177)</u>
Additional debt incurring capacity	<u>\$943,386,975</u>	<u>\$387,985,311</u>	<u>\$1,331,372,286</u>

- (1) For debt incurring capacity only, in computing the fair market value of taxable property in the City, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the City.
- (2) The full 8% may be used for water, sewer and electric purposes but if it is so used, then no general obligation bonds may be issued in excess of 8% for any purpose. For legal debt limit purposes, the outstanding general obligation debt as shown above is increased by the premium associated with debt issued that is reported in the long-term debt notes of the City’s financial statements. For accounting purposes, the total unamortized bond premium was \$9,823,177 (as of June 30, 2020) and together with current outstanding debt of \$73,885,000, results in total outstanding debt of \$83,708,177.

(Source: Records from the State Tax Commission, compiled by the Municipal Advisor.)

For a 10-year Fiscal Year history of the City’s presentation of the legal debt capacity see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Statistical Section—Schedule 17. Legal Debt Margin Information Last Ten Fiscal Years” (ACFR page 127).

No Defaulted Obligations

The City has never failed to pay principal of and interest on any of its financial obligations when due.

LEGAL MATTERS

Absence Of Litigation Concerning The 2021 Bonds

There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the 2021 Bonds.

On the date of the execution and delivery of the 2021 Bonds, certificates will be delivered by the City to the effect that to the knowledge of the City, there is no action, suit, proceeding or litigation pending or threatened against the City, which in any way materially questions or affects the validity or enforceability of the 2021 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the City.

A non-litigation opinion issued by Margaret D. Plane, City Attorney, dated the date of closing, will be provided stating, among other things, that there is not pending, or to her knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the City, or the ability of the City, or their respective officers to authenticate, execute or deliver the 2021 Bonds or such other documents as may be required in connection with the issuance and sale of the 2021 Bonds, or to comply with or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2021 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2021 Bonds are issued, the legality of the purpose for which the 2021 Bonds are issued, or the validity of the 2021 Bonds or the issuance and sale thereof.

Also, see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note H. Commitments and Contingencies” (ACFR page 82).

General

Certain legal matters incident to the authorization, issuance, and sale of the 2021 Bonds are subject to the approving legal opinion of Gilmore & Bell P.C., Bond Counsel to the City. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the City by Gilmore & Bell P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Margaret D. Plane, City Attorney. The approving opinion of Bond Counsel will be delivered with the 2021 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX C—FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

The employment of Bond Counsel is limited to the review of the transcripts of legal proceedings authorizing the issuance of the 2021 Bonds and to the issuance of a legal opinion, relating solely to the validity of the 2021 Bonds pursuant to such authority and the excludability of interest on the 2021 Bonds for income tax purposes as described above. Except for said legal matters, which will be specifically covered in its opinion, Bond Counsel has assumed no responsibility for the accuracy or completeness of any information furnished to any person in connection with or any offer or sale of the 2021 Bonds in the OFFICIAL STATEMENT or otherwise.

The various legal opinions to be delivered concurrently with the delivery of the 2021 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2021 Bonds. This summary is based upon laws, regulations, rulings, and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2021 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of

persons who purchase the 2021 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2021 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law currently existing as of the issue date of the 2021 Bonds:

Federal Tax Exemption. The interest on the 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the 2021 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

State of Utah Tax Exemption. The interest on the 2021 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel's opinions are provided as of the date of the original issue of the 2021 Bonds, subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2021 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2021 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2021 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state, or local tax consequences arising with respect to the 2021 Bonds, except as expressly provided herein. Purchasers of the 2021 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership, and disposition of the 2021 Bonds, including the possible application of state, local, foreign, and other tax laws.

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2021 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a 2021 Bond is generally the first price at which a substantial amount of the 2021 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the 2021 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2021 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2021 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2021 Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a 2021 Bond is generally the first price at which a substantial amount of the 2021 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2021 Bond during any accrual period generally equals (1) the issue price of that 2021 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2021 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2021 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2021 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Sale, Exchange, Legal Defeasance or Retirement of Bonds. Upon the sale, exchange, legal defeasance, or retirement (including redemption) of a 2021 Bond, an owner of the 2021 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, legal defeasance, or retirement of the 2021 Bond (other than in respect of accrued and unpaid interest) and

such owner's adjusted tax basis in the 2021 Bond. To the extent a 2021 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2021 Bond has been held for more than 12 months at the time of sale, exchange, or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2021 Bonds, and to the proceeds paid on the sale of the 2021 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2021 Bonds should be aware that ownership of the 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2021 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2021 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership, and disposition of the 2021 Bonds, including the possible application of state, local, foreign, and other tax laws.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase of the 2021 Bonds involves certain investment risks that are discussed throughout this OFFICIAL STATEMENT. No prospective purchaser of the 2021 Bonds should decide to purchase any of the 2021 Bonds without first reading and considering the entire OFFICIAL STATEMENT, including all Appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General

The 2021 Bonds are payable from and secured by a pledge and assignment of Net Revenues from the System and monies on deposit in the funds and accounts held by the Trustee under the Indenture. Future economic conditions, weather conditions, the demand for water services within the City and the surrounding areas, economic and employment trends and events, demographic changes, changes in federal and state policies and regulations, including environmental policies and regulations, and other factors may adversely affect the future financial condition of the System, and, consequently, the availability of Net Revenues. No assurance can be made that the Net Revenues of the System will be realized by the City in amounts sufficient to pay debt service on the 2021 Bonds when due.

Operation Of The System

In order for the City to make timely payment of the principal and interest requirements of the 2021 Bonds and to meet its other obligations under the Indenture, it will be necessary for the City to manage, operate and maintain the System in an efficient and economical manner that is consistent with prudent utility practice. The City is exempt from regulation by the Utah Public Service Commission, but the operation of the System is subject to the requirements of various governmental rules and regulations and the System must be operated in compliance with those requirements. In the event that the System is not operated or is not capable of operation as required by the provisions of such governmental rules and regulations, the City may be subject to certain penalties.

To the extent the System develops operational problems, Operation and Maintenance Expenses may need to be reduced or rates for the System may need to be increased to produce sufficient Revenues unless other sources of funds are obtained. In the event that Revenues need to be increased for the continued operation of the System (and to pay debt service on the 2021 Bonds), it may be necessary to increase rates for the System. The City has covenanted in the Indenture that it will ensure that the rates for all services supplied by the System to all customers within or without the boundaries of the City when combined with other Revenues, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Net Revenues for each Bond Fund Year which when added to Other Available Funds shall equal not less than 120% of the Aggregate Annual Debt Service Requirement for such Bond Fund Year plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture; provided, however, that pursuant to State law

such rates must be reasonable rates for the type, kind and character of the service rendered. Furthermore, the City may decide not to make any rate increases due to political, feasibility or other concerns. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS—Rate Covenant” above.

No Debt Service Reserve Fund For The 2021 Bonds

Upon the issuance of the 2021 Bonds there will be no funding of an account in the Debt Service Reserve Fund with respect to the 2021 Bonds.

Climate Change Risk; Natural And Global Health Emergencies

There are potential risks to the City and the financial operation on the System that are associated with changes to the climate over time and with increases in the frequency, timing, and severity of extreme weather events or droughts. The City cannot predict how or when various climate changes risks may occur, nor can it quantify the impact on the City or its operations.

Natural disasters (include earthquakes, mudslides, wildfires/forest fires, heat waves, floods, windstorms, droughts, and avalanches) and continued, or future, global health emergencies are possible and may affect the State and the City’s economy.

The State is in a region of seismic activity subject to earthquakes in varying strengths. On March 18, 2020 an earthquake occurred in Magna Metro Township, Utah (located approximately 15 miles west of Salt Lake City, Utah), which magnitude registered 5.7 on the Richter scale. The City had no damage to its buildings, property, and utility infrastructures. Newer building codes throughout the State and City include seismic strengthening of buildings.

Certain areas of the State have experienced drought conditions for at last part of the year in each of the last 10 years. *For a discussion on the current drought conditions currently affecting the State and the City see “THE SYSTEM—Sources And Supplies Of Water” above.* The State has experienced large wildfire/forest fire seasons in which air quality across the State has been negatively impacted (including diminished air quality from wildfires/forest fires located outside the State from drifting air currents). Wildfires/forest fires can impact the State’s and the City’s economy; cause respiratory health problems; result in loss of infrastructure, homes, and property; and destroy forestland, wildlife habitat and other resources.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2021 Bonds have been rated “Aa2” by Moody’s and “AA” by S&P. An explanation of these ratings may be obtained from Moody’s and S&P. The City did not obtain a rating from Fitch.

Such ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the 2021 Bonds. Such ratings reflect only the views of Moody’s and S&P, and any desired explanation of the significance of such ratings should be obtained from the rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There is no assurance that the ratings given the outstanding 2021 Bonds will continue for any given period or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2021 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2021 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2021 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. See “APPENDIX B—THE GENERAL INDENTURE OF TRUST.”

Municipal Advisor

The City has entered an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2021 Bonds, timing of sale, taxable and tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2021 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The basic financial statements and required supplementary information of the City as of June 30, 2020 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by BDO USA, LLP, Salt Lake City, Utah (“BDO”), as stated in their report in “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020” (ACFR page 2). BDO has not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2020 ACFR, any procedures on the financial statements addressed in the Fiscal Year 2020 ACFR.

BDO has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether expressly so stated, are intended as such and not as representation of fact.

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

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the City.

Park City, Utah

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APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020

The ACFR for Fiscal Year 2020 is contained herein. Copies of current and prior financial reports are available upon request from the City's contact person as indicated under "INTRODUCTION—Contact Persons" above.

The City's ACFR for Fiscal Year 2021 must be completed under State law by December 31, 2021.

Certificate of Achievement for Excellence in Financial Reporting

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada ("GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for 32 consecutive years, beginning with Fiscal Year 1987 through Fiscal Year 2019. For the Fiscal Year 2019 certificate see "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2020—Certificate of Achievement" (ACFR page xiii).

The City has submitted its Fiscal Year 2020 ACFR to GFOA to determine its eligibility for a Certificate of Achievement. The City believes that its Fiscal Year 2020 ACFR continues to meet the Certificate of Achievement program requirements.

To be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only.

Distinguished Budget Presentation Award

Distinguished Budget Presentation Award. GFOA has awarded a Distinguished Budget Presentation Award to the City for the biennium period beginning July 1, 2009. The City also received the award for Fiscal Years 1992 and 1993 and the biennium periods beginning 1997 through 2020.

The City will submit its Fiscal Year 2022 Budget to GFOA to determine its eligibility for a Distinguished Budget Presentation. The City believes that its Fiscal Year 2022 Budget continues to meet the Distinguished Budget Presentation program requirements.

To receive the budget award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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Park City Municipal Corporation, Utah



**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020**

PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**(Including Internal Control and Compliance Reports
and Supplementary Information)
for fiscal year ended June 30, 2020**

**Prepared by:
Finance Department**

**Mindy Finlinson
Finance Manager**

**Sara Nagel
City Treasurer**

**Kim Atkinson
Accountant**

PARK CITY MUNICIPAL CORPORATION, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2020

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INTRODUCTORY SECTION



Finance

January 29, 2021

To the Honorable City Council, Honorable Mayor and Citizens of Park City, Utah:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BDO, LLP, a firm of licensed certified public accountants, have issued an unmodified (“clean”) opinion on Park City Municipal Corporation’s financial statements for the year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Park City Municipal Corporation, Utah

Park City Municipal Corporation (City) was chartered March 15, 1884, under the provisions of the Utah Territorial Government and is located in Summit County in the northeast part of the State, which is considered to be one of the top growth areas in the state. It currently occupies 20 square miles and serves an estimated full-time resident population of 8,488. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

Park City Municipal Corporation
445 Marsac Avenue • P.O. Box 1480 • Park City, UT 84060-1480
Phone (435) 615-5221 • Fax (435) 615-4917

The City is governed by a mayor-council form of government. Policy-making and legislative authority are vested in the Governing Council (Council) consisting of the mayor and a five-member council, all of whom are elected at large. Council members serve four-year staggered terms. Elections are held every odd numbered year. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The Mayor is the administrative authority by statute; however, the City's manager has been delegated the responsibility for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a full range of services, including police, parks, recreation, library, water, stormwater, public improvements, streets, planning and zoning, golf course, transportation and parking, licensing and permits, building inspections, affordable housing, and administrative services. This report includes the financial statements of the funds required to report on those activities, organizations and functions which are related to the City and are controlled by or financially accountable to the City Council. The Park City Municipal Building Authority, the Park City Redevelopment Agency, the Park City Housing Authority and the Park City Water Service District are chartered under Utah law as separate governmental entities. However, this report includes the financial statements of these entities, since the City Council is the appointed board for all four agencies, they are financially accountable to the City, and management (below the level of the elected officials) of the City have operational responsibility for the activities of these entities.

The State of Utah, Summit County, Wasatch County, Park City School District, Park City Fire Protection District, Snyderville Basin Special Recreation District and Snyderville Basin Water Reclamation District are overlapping governments that provide services to City residents; however, they are separately controlled, and they are not financially accountable to the City; therefore, they are not included in this report.

Budgetary Control

The Council is required to adopt a final budget by no later than June 30 of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Council approves all City budgets at the department level (general government, public safety, public works and recreation and library). Budgetary control is maintained at the department level where expenditures may not legally exceed appropriations. Department heads may make transfers within a department. The City Council may amend the budget by ordinance during the budget year, but must hold a public hearing to increase a governmental fund's budget before it can pass the ordinance.

Local Economy and Economic Trends

Park City is located in Summit County, Utah, in the heart of the Wasatch Mountains, 30 miles east of Salt Lake City and 40 minutes by freeway from the Salt Lake International Airport. In 1869, silver bearing quartz was discovered in the area, of what is now Park City, and a silver

mining boom began. From the 1930's through the 1950's, the mining boom subsided due to the decline of silver prices, and Park City came very close to becoming a historic ghost town. During that time, the residents began to consider an alternative to mining, and began developing Park City into a resort town. Today Park City is one of the western United States premier multi-season resort communities.

Because of its location in a State with a diverse economic base, unemployment had been historically low until the effect of the current recession caused by local and state mandated business closures in response to COVID-19. During the past ten years, as the country recovered from the 2008 recession, the unemployment rate in Summit County dropped from 6.3 percent (2011) to a decade low of 2.8 percent in February 2020. During the initial COVID-19 shutdown period, unemployment skyrocketed to 20.4 percent in the month of April. However, due to economic recovery aid from state and federal governments and higher than expected summer economic activity, the unemployment rate at the end of the current year was 9.8 percent compared to 11.1 nationally. Based on economic forecasts and further restriction on business operations, subsequent increases in unemployment rates are anticipated in calendar year 2021.

Tourism is the major industry in Park City, with skiing, lodging facilities and restaurants contributing significantly to the local economy. Park City is the home of two major ski resorts Deer Valley Resort and Park City Mountain Resort with a portion of the latter operating outside of municipal boundaries, formerly known as Canyons Resort. Vail Resorts acquired the Canyons Resort in 2013 and the Park City Mountain Resort in September of 2014. In July 2015, Vail linked these two resorts creating the largest skiing resort in the United States with over 7,300 acres of skiable terrain. Alterra Mountain Company acquired Deer Valley Resort in 2018.

Deer Valley Resort and Park City Mountain Resort host several major ski international and world competitions such as, IHC Freestyle International Ski World Cup and FIS Freestyle International Ski World Cup. Deer Valley was voted the 5th and Park City Mountain 10th in *Ski Magazine's* resort review of 2020's Top-Ranked Western Ski Resorts.

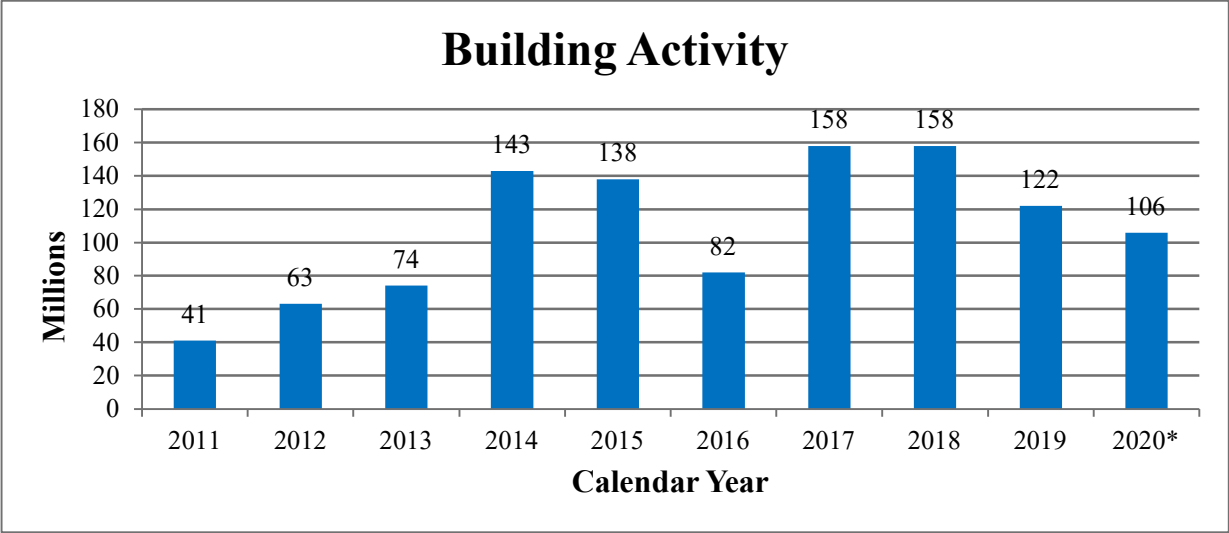
Until COVID-19 prematurely ended the 2019-2020 ski season, Utah resorts reported 4.3 million skier days, which is the fourth-best season on record in terms of resort visits. Additionally, visitors to resorts was 2.4 percent above the 10-year average. It is uncertain how the numbers will change with limitations to international travel and changes to resort protocols such as reservation only visits due to the pandemic.

Many of the "off season" events that have become staples to the City's summer economic activity were cancelled due to COVID-19. These events included, Park Silly Market, Tour of Utah, Autumn Aloft, Kimball Arts Festival and the Triple Crown World Series baseball tournament. As a way to mitigate the decrease in revenue to main street businesses, the City initiated "Car-free Sundays" for the weeks of June 14 through October 18. During Car-free Sundays, Main Street transformed to a pedestrian walkway that enabled restaurants and other business to extend out into the street, allowing patrons to better physically distance.

Park City’s service population is significant due to the number of secondary homeowners and visitors within Park City. The City has approximately 136 restaurants, 148 shops, 31 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in the intermountain west. The Chamber of Commerce estimates that the city has a nightly rental capacity for 28,670 guests (please see Schedule 24 of the Statistical Section of this report).

The Sundance Film Festival made its 38th annual appearance in Park City in January 2020. Y2 Analytics reported that the 2020 festival generated an overall economic impact of \$167.5 million GDP for the State of Utah, down from the 2019 festival of \$182.5 GDP. Sundance and Park City Municipal Corporation have formally agreed that Park City will remain festival headquarters through the 2026 film festival. Additionally, Sundance is planning to erect a new headquarters building for the Sundance Institute located in the “Arts and Culture District” of Bonanza Park. The festival attracted at least 116,800 attendees, down slightly from 2019 attendance of at least 122,000 with approximately 44,000 attendees coming from out of state. As with many other activities in Park City, it is expected that the size and duration of festival will be scaled down in 2021 to abide by local health orders.

Closely connected to the tourism and ski industries in Park City is the real estate industry. During the past ten years, building activity within the City has fluctuated from a low of \$40.9 million in 2011, because of the recession, to a high of \$158.2 million in 2017. Building activity over the last decade has averaged \$102.7 million per year. In the first six months of calendar year 2020, 30.1 percent of the \$106 million in building activity has been in residential construction. The remaining 69.9 percent consists of commercial construction. The residential construction total valuation of approximately \$31.8 million consisted of both single and multi-family homes. Easy access to Salt Lake City has intensified the role for Park City as a bedroom community. The current economy has continued to show emphasis of new construction of single-family homes and remodeling and expanding of commercial buildings.



* The 2020 number is from January 2020 through June 2020 only. For activity by fiscal year, please see Schedule 26 of the Statistical Section.

As reported by *Park City Realtors*, despite the economic slowdown from the shutdown of many local businesses, the real estate market in Park City saw a dramatic 20.0 percent increase from 2019 to 221 total unit sales and a volume increase of 22.0 percent. Condominiums sales increased 6.0 percent and a volume increase of 26.0 percent over the same period last year. Residential lots sold in Park City range from an average of \$575,000 in the Prospector area to an average of \$3,500,000 for lots in the Empire Pass area. Condominiums range in average sales price from \$279,005 in the Prospector area to \$2,907,575 in the Empire Pass area. Single-family homes range from an average sales price of \$1,183,179 in the Prospector area to \$6,442,759 in the Deer Crest area.

Median household incomes within the City are significantly higher than for the state as a whole. According to the US Census Bureau 2019 estimates, the City’s median family income was \$105,263, the County’s was \$100,453, while the State’s was \$68,374.

Due to its strong and healthy local economy, the City has maintained a credit rating of at least Aa2 from Moody’s Investor Service since 2011.

Long-term Financial Planning

Insurance – The City maintains a health and dental insurance plan through Regence Blue Cross Blue Shield of Utah. Each year Regence examines the City’s use of the plan and its total costs to Regence and then determines the price for the following year. In fiscal year 2020, the City experienced no change in plan costs. The benefits committee reviews the annual increases and makes a recommendation on any premium increases or policy changes on an annual basis. The City offers a high-deductible medical plan in addition to the traditional plans. The City also offers a discount on premiums to employees if they participate in a wellness program, which requires annual physicals, regular dental visits, and other various activities to promote a healthy lifestyle.

Sales Tax – The City depends on sales tax revenue to fund City services. Sales tax also helps to fund the infrastructure to support special events and tourism. Of the 9.05 percent sales tax on general purchases in Park City, the municipality levies a 1.0 percent local sales and use tax, a 0.25 county option sales tax, a combined 1.25 percent transit tax, a 0.1 county cultural tax, and a 1.6 percent resort community tax.

Transient Room Tax – The City uses the transient room tax revenue to fund capital projects. Since inception, the City has collected the following revenues:

<u>Year</u>	<u>Revenue</u>
2020	2.7 million
2019	2.7 million
2018	1.6 million

Property Tax – A property tax comparison that normalized tax rates across 50 states, including the District of Columbia, ranked states by property tax rate. Utah was consistently amongst the lower in the nation, ranking between 40 and 50. Summit County has the lowest average effective property tax rate in the state. The Property Tax Act provides that all taxable property must be assessed and taxed at a uniform and equal rate on the basis of its fair market value by January 1 of each year. Summit County levies, collects, and distributes property taxes for Park City and all other taxing jurisdictions within the County. Primary residences are taxed at 55 percent of the assessed value while secondary residences are taxed at 100 percent of the assessed value. The budget for fiscal year 2020 was adopted with no property tax increase.

Relevant Financial Policies

Fund Balance – Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 24.59 percent of total general fund revenues. This amount was slightly below the policy guidelines set by the Council for budgetary and planning purposes (i.e., maintain the general fund balance at approximately the legal maximum of 25.0 percent). For budget purposes, any balance that is greater than 5.0 percent of the total revenues of the General Fund may be used. The General Fund balance reserve is an important factor in the City’s ability to respond to emergencies and unavoidable revenue shortfalls.

Budgeting for Outcomes – The City employs a Budgeting for Outcomes (BFO) process that focuses on Council priorities and objectives as the driving factor for determining the annual budget. BFO provides a comprehensive review of the entire organization, identifying every program offered and associated cost, evaluating the relevance of every program based upon the community's priorities and, ultimately, guiding elected and appointed officials to the policy questions they can answer with the information gained from the process. The City is confident that the BFO process provides the tools needed to build a budget that reflects the City’s values and needs.

The BFO process is just part of the process the City employs in the development of the budget in Park City. The other distinctive part of the process is the utilization of cross-departmental staff teams for the development of the budget recommendations. The Results Team develops the operating budget recommendation and the Capital Improvement Plan Committee creates the capital budget recommendation. These two budgets are then presented to the City Manager. Next, the Finance Manager; Human Resources Manager; Capital Budgets, Debts & Grants Manager; Operating Budget Manager and the City Manager hold a Budget Summit to collectively take a comprehensive review of the budget and discuss any outstanding issues. The result of this collaborative process and the participation of more than 50 members of the organization is the City Manager’s Recommended Budget.

Major Initiatives

Net Zero Energy Goal by 2030 – Park City became one of the latest in a series of mountain communities to commit to 100 percent renewable electricity. Park City has pledged that the City’s electricity would come entirely from renewable sources by 2030. This announcement

comes on the heels of a similar pledge from Salt Lake City, Utah and a recent commitment from Boulder, Colorado to transition to renewable electricity, showing that mountain communities are taking control of their energy future. Park City is a founding partner of Mountain Towns 2030, a coalition of mountain towns committed to achieving ambitious carbon reduction goals by 2030. Park City hosted the first MT2030 Net Zero Summit in October 2019 and looks forward to when similar events can be held in the future.

Electric Bike-Share Program – In partnership with Summit County, Park City launched its fourth season of the electric bike-share program. Riders logged approximately 79,000 miles in 2020 and more than 243,000 since the inception of the program in 2017. The City and surrounding areas currently have 20 docking stations and 190 bikes. The stations are located through Park City including: Deer Valley Transit Circle, North City Park, Park City Municipal Athletic and Recreation Center (PC MARC), Summit County Health Department and Upper Main Street. Additional locations in Summit County include: Synderville Basin Recreation, Willow Creek Park, Silver Springs Drive, Summit County Justice Center, Ecker Hill Park and Ride and Jeremy Ranch Park and Ride. If Park City residents and tourists continue to respond well to the all-electric bike-share program, it will be a great step for the community to mitigate traffic congestion and become more environmentally sustainable, and a great example for cities looking to accomplish these same goals.

Electric Bus System – Park City became the first mountain resort community in the country, and the first city in the state, to operate a zero-emission, all-electric bus system. The buses are more efficient than diesel-fueled buses with a per electric vehicle mile cost of approximately \$0.85 a mile. On many routes, buses run every fifteen minutes from 5:30 a.m. to 2:00 a.m., seven days a week during peak season. In recent years, the City added seven electric buses for a total of 13 buses and two chargers to expand electric bus service to multiple bus routes in addition to the route between Kimball Junction and Park City Old Town Transit Center.

Affordable Housing – City Council is committed to making Park City a thriving mountain community through accessible and diverse housing with the goal of adding 800 housing units to the City’s affordable/attainable housing inventory by 2026. In 2019, the City constructed 11 units to add to the City’s inventory (seven homes with four studio units attached) located on Woodside Avenue and sold five in the current year. Additionally, in March of 2019, the City approved the Master Planned Development application for Woodside Park Phase II, which will consist of 59 units, 52 of which will be affordable housing units. The City expects to begin construction on Woodside Park Phase II in Spring 2021.

Social Equity – In 2018, the City partnered with the Park City Community Foundation (PCCF) to elevate the social equity concept and conversation through a community convening process. PCCF brought a coalition together to perform a social equity self-diagnosis, identified social equity resources and gaps, prioritized short and long-term social equity issues, and developed a multi-year strategic plan. The partnership identified three priorities: Housing, Education, and Inclusion. PCCF collaborated with the City to ensure additional funding was available to the most vulnerable populations amid the COVID-19 pandemic.

Update on Major Projects

Water Projects – Water quality and delivery continue to be a top priority for Park City. With the continuing increase of development, future water needs have been identified and the cost of these improvements are being fairly distributed between users and new development. Capital spending in the Water Fund is reflective of the City’s commitment to secure Park City’s water needs through improvements to the City’s water infrastructure. The Water Fund Financial Model is reviewed and updated annually to assess the long-range operating and capital needs of the system and to determine future water rate increases and bonding needs. Additionally, the City continues to improve the culinary water system with funds from the five-year Capital Improvement Plan, an account with an approximate value of \$46.5 million. In 2019, in order to comply with State regulations that allows the City to discharge water draining from the Judge and Spiro mine tunnels into Mcleod and Silver Creeks, the City began construction of the Three Kings Water Treatment Plant to replace the existing Spiro plant, which was built in the 1990’s. The new plant will also increase overall water supply resiliency, peak day capacity, water quality and reliability into the future. In June 2020, the City issued \$75,515,000 in Water Revenue and Refunding Bonds to partially fund the construction of the water treatment plant, refund prior bonds issued by the City, and for the payment of costs associated with the issuance of the 2020 bonds. The expected completion date of the plant is June 2023.

Arts & Culture District – Park City purchased a 5.25-acre parcel in Bonanza Park to create the Park City Arts & Culture District. Funds for the purchase, development, and maintenance will be generated in part by overnight visitors via a 1.0 percent municipal transient room tax. No additional taxes will be assessed on Park City residents. Sundance Institute and the Kimball Art Center have signed letters of intent to purchase land in the new district from the City and will participate in a joint planning process, with the goal of building venues as part of the district. Through the joint planning process, the City will strive to create a district that inspires creative expression while ensuring design compatibility and compliance with the General Plan and Land Management Code. With this partnership, Park City will collaboratively shape the future of the Bonanza Park area to develop a sustainable, walkable, livable and vibrant Arts & Culture District. Redevelopment of the area is expected to begin in Spring 2021.

Pedestrian Tunnel – In October of 2020, Park City completed construction of a pedestrian tunnel on SR-248 near Park City High School and Cooke Drive. The tunnel alleviates traffic congestion, improves circulation, provides safe access for all users and enhances access to trails and transit.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Park City Municipal Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.


Park City Municipal Corporation also received the Distinguished Budget Presentation Award from the GFOA for the City's adopted budget for the biennium period beginning July 1, 2019. The City has won this award for fiscal years 1992 and 1993 and the biennium periods beginning 1993, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2014, 2016 and, 2018. In order to qualify for the award program, the City's budget document was judged proficient in several categories, including policy documentation, financial planning, and organization.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Finance and Accounting Department. We would like to express our appreciation to BDO, LLP, certified public accountants, for their professional service and assistance. We would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Matt Dias, City Manager



Mindy Finlinson, Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH

Park City Municipal Building
445 Marsac Avenue
Park City, Utah 84060

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2020

Name	Term Expires
Mayor	
Andy Beerman <i>PO Box 1570 Park City, Utah 84060</i>	January 2022
Councilors	
Max Doilney <i>2174 Sunrise Circle Park City, Utah 84060</i>	January 2024
Rebecca Gerber <i>42 Spaulding Court Park City, Utah 84060</i>	January 2024
Tim Henney <i>PO Box 3927 Park City, Utah 84060</i>	January 2022
Steven Joyce <i>1776 Park Ave, Ste. 4 Park City, Utah 84060</i>	January 2022
Nannette Worel <i>3412 Solamere Drive Park City, Utah 84060</i>	January 2024

Matt Dias, City Manager
Mark Harrington, City Attorney
Mindy Finlinson, Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH



The above organizational structure also accurately depicts the Park City Redevelopment Agency, the Park City Municipal Building Authority, the Park City Housing Authority and the Park City Water Service District structure.



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Reporting

Presented to

**Park City Municipal Corporation
Utah**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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299 South Main Street, 10th Floor
Salt Lake City, UT 84111

Independent Auditor's Report

Members of the City Council
Park City Municipal Corporation, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park City Municipal Corporation (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note S to the financial statements, the City may be adversely impacted by the outbreak of a novel strain of the coronavirus, known as COVID-19, which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 5 through 23 and 89 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the



basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BDO USA, LLP

Salt Lake City, Utah
January 29, 2021

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2020

The following narrative is presented to facilitate a better understanding of the City's financial position and results of operations for the year ended June 30, 2020. When read in conjunction with the letter of transmittal and the notes to the financial statements, the financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's government-wide net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) as of June 30, 2020, was \$409,122,014. Of this amount, \$68,526,018 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$22,868,126. Of this amount, governmental activities increased by \$21,402,664, and business-type activities increased by \$1,465,462, a rise of 8.3 percent, and a rise of 1.1 percent, respectively, when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$105,141,857, an increase of \$11.3 million (14.5 percent) compared to the beginning of this year's fund balance amount. The increase in fund balance in comparison to last fiscal year is attributable to increases in committed and restricted fund balance for capital projects. Of the combined total fund balance, \$7,811,877 is available for spending at the discretion of the City (unassigned fund balance).
- The General Fund is the primary operating fund of the City. The unassigned fund balance of the General Fund at June 30, 2020, totaled \$7,811,877 and is 23.6 percent of the General Fund total revenues for the year and 7.4 percent of total governmental fund balance.
- The City's total bond debt had a net increase of \$51,875,000 during fiscal year 2020. This represents a 28.0 percent increase over the prior fiscal year, which is attributable to the issuance of the 2020 Water Revenue Bonds and 2020 General Obligation Bonds combined with the effect of the normal reduction in principal balances from required debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report includes four parts: 1) the independent auditors' report on financial statements and supplementary information; 2) this segment, management's discussion and analysis; 3) the basic financial statements; and 4) supplementary information. Within the basic financial statements are two distinct types of financial statements, 1) the government-wide financial statements, and 2) the fund financial statements. The notes to the financial statements are also an integral part of the basic financial statements. The City's basic financial statements are presented in accordance with Governmental Accounting Standards Board Statement No. 34

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

(GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended.

Immediately following the required supplementary information, the supplementary information includes balance sheets and income statements for nonmajor governmental funds, internal service funds, as well as other budgetary information.

Government-wide Financial Statements: The government-wide financial statements provide a view of City finances as a whole, similar to a private-sector business. These statements include the Statement of Net Position and the Statement of Activities.

The **Statement of Net Position** includes all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Net position (and the related change in net position from year to year) is one of the most important financial measurements to enable understanding of the financial position of the City, and whether financial position improves or deteriorates each year. To assess the overall health of the City, additional non-financial factors such as changes in the property tax base, the condition of the City's infrastructure, etc. should be considered.

The **Statement of Activities** shows how the City's net position changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, most revenues are reported when the revenues are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

There are two distinct types of activities reflected in the government-wide statements: 1) governmental activities; and 2) business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenues, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The governmental activities for the City include General Government (Council, Mayor, City Attorney, Human Resources, Technical Services, Budget, Debt and Grants, Building, Economy, Community, Environment, Planning, Engineering, Finance, Quinns Recreation Complex and Non-departmental); Public Safety (Police and Communications Center); Public Works (Streets, Snow Removal, Parks, Building Maintenance); Library and Recreation. The business-type activities include Water, Stormwater, Transportation and Parking, and Golf Course. The Park City Municipal Building Authority, the Park City Redevelopment Agency, the Park City Housing Authority and the Park City Water Service District are chartered under Utah law as separate governmental entities. However, the government-wide financial statements include the financial statements of these entities, since the City Council is the appointed board for all four agencies, and these entities are financially accountable to the City. The government-wide financial statements can be found on pages 25-26 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which the funds are to be spent as well as by how the activities are to be controlled. The three broad categories of funds are: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 29 and 31. The City has four governmental type funds. These are the general fund, special revenue funds, the debt service funds and the capital projects funds. Four of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund and Capital Projects Improvement Fund. The basic governmental fund financial statements can be found on pages 28-32. A summary of other funds (nonmajor funds) is combined into one “Nonmajor Governmental Funds” column. The composition of the nonmajor funds is shown in the combining statements later in the report in the supplementary information section on pages 94-104.

- The **General Fund** is used to account for all financial resources of the City that are not accounted for by a separate specialized fund. More specifically, the general fund is used to account for ordinary operations such as collection of tax revenues and general government expenditures. The City adopts an annual appropriated budget for the general fund. On page 32, a budgetary comparison statement has been provided for the general fund to demonstrate budgetary compliance.
- **Special Revenue Funds** are used to account for specific revenue sources that are restricted to expenditures for specific purposes.
- **Debt Service Funds** are used to account for the accumulation of resources for the payment of general obligation bonds, special assessment bonds and sales tax revenue and refunding bonds. Therefore, this fund is set up to accumulate the resources used to pay both the interest and principal on bond debt.
- **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital improvements. These funds do not account for capital improvements financed by the proprietary funds.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Proprietary Funds – These funds provide the same type of information as the government-wide financial statements, only in more detail. The City uses both enterprise funds and internal service funds. The basic proprietary fund financial statements can be found on pages 34-38 of this report.

- **Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for the City-owned water system, stormwater system, public transportation system (bus and trolley system) and paid parking system, and golf course.
- **Internal Service Funds** are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The combining statements for internal service funds can be found on pages 106-108 of this report.

Fiduciary Funds – These funds are used for assets the City receives wherein the City has temporary custody. Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds and do not involve measurement of results of operations (assets equal liabilities). The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the Financial Statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the basic financial statements as listed in the table of contents.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Park City Municipal Corporation Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 137,326,378	\$ 125,916,865 *	\$ 82,835,202	\$ 26,316,252	\$ 220,161,580	\$ 152,233,117
Capital assets	343,340,543	339,649,014 *	161,152,783	139,942,232	504,493,326	479,591,246
Total assets	480,666,921	465,565,879	243,987,985	166,258,484	724,654,906	631,824,363
Total deferred outflows of resources	2,193,872	5,204,131	1,121,544	2,230,525	3,315,416	7,434,656
Current liabilities	17,630,528	17,699,516	11,266,410	7,346,418	28,896,938	25,045,934
Noncurrent liabilities	157,846,816	170,560,166	102,540,907	32,520,498	260,387,723	203,080,664
Total liabilities	175,477,344	188,259,682	113,807,317	39,866,916	289,284,661	228,126,598
Total deferred inflows of resources	28,224,174	24,753,717	1,339,473	124,816	29,563,647	24,878,533
Net position						
Net investment in capital assets	213,716,372	198,327,763 *	117,863,860	113,503,024	331,580,232	311,830,787
Restricted	9,015,764	7,253,575	-	-	9,015,764	7,253,575
Unrestricted	56,427,139	52,175,273 *	12,098,879	14,994,253	68,526,018	67,169,526
Total net position	\$ 279,159,275	\$ 257,756,611	\$ 129,962,739	\$ 128,497,277	\$ 409,122,014	\$ 386,253,888

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$409,122,014, an increase of \$22.9 million from prior fiscal year. This would indicate an improved financial position in comparison to last fiscal year. At June 30, 2020, approximately 81.1 percent of these amounts are represented by the investment in capital assets, less debt still outstanding relating to acquisition of those assets (see subsections explaining capital assets and debt below). Due to the nature of these assets (long-term assets which are not readily convertible to liquid assets) they are not considered to be available for spending or appropriation. Although the City's investment in capital assets is reported net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's net investment in capital assets of \$19.7 million was primarily due to ongoing construction of Three Kings water treatment plant, Quinn's Junction water treatment plant and SR-248 transmission lines and routine acquisitions of capital assets combined with repayments of the related debt and depreciation expense. The City also completed the construction of the SR-248 pedestrian tunnel, the Golf Maintenance Building, and city-owned affordable housing.

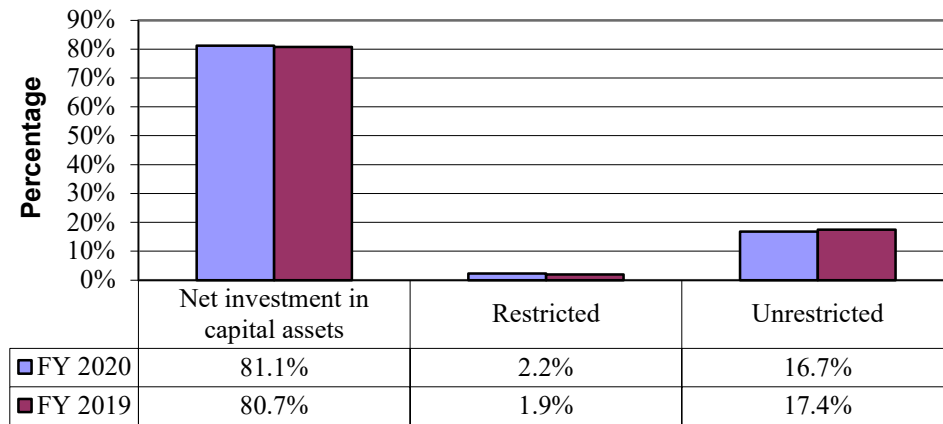
PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Restricted net position of \$9,015,764 at June 30, 2020 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$1.8 million from prior fiscal year reflects an increase in the amount restricted for capital projects.

The other sub-classification of net position is unrestricted. The unrestricted balance of 68,526,018 at June 30, 2020 denotes that this amount may be used to meet general, on-going financial obligations without constraints established by debt covenants or other legal requirements. Unrestricted net position increased \$1.4 million from last fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

The following graph depicts the percentage of restricted and unrestricted net position as discussed above.

Net Position Percentage
June 30, 2020 and 2019*



*Restatement of fiscal year 2019 is the result of a prior period adjustment. See Note R for more detail.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Park City Municipal Corporation Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 8,948,665	\$ 6,980,203	\$ 29,418,875	\$ 32,424,047	\$ 38,367,540	\$ 39,404,250
Operating grants and contributions	344,543	195,542	5,586,097	-	5,930,640	195,542
Capital grants and contributions	4,636,167	1,608,966	2,286,289	6,524,981	6,922,456	8,133,947
General Revenues						
Property Tax	26,727,020	21,536,339	-	-	26,727,020	21,536,339
Other Taxes	26,011,383	26,375,591	7,560,305	6,128,331	33,571,688	32,503,922
Investment earnings	2,041,844	2,297,088	243,778	581,900	2,285,622	2,878,988
Other	3,007,577	3,038,069	572,053	(247,123)	3,579,630	2,790,946
Total revenues	71,717,199	62,031,798	45,667,397	45,412,136	117,384,596	107,443,934
Expenses						
General government	22,198,830	23,755,044	-	-	22,198,830	23,755,044
Public safety	7,438,463	6,747,797	-	-	7,438,463	6,747,797
Public works	6,794,406	6,929,871	-	-	6,794,406	6,929,871
Library and recreation	5,556,544	5,729,844	-	-	5,556,544	5,729,844
Interest on long-term debt	9,041,292	3,558,591	-	-	9,041,292	3,558,591
Golf course	-	-	1,578,559	1,488,121	1,578,559	1,488,121
Stormwater	-	-	1,276,945	1,470,837	1,276,945	1,470,837
Transportation and parking	-	-	23,485,955	22,521,490	23,485,955	22,521,490
Water	-	-	17,145,476	13,578,235	17,145,476	13,578,235
Total expenses	51,029,535	46,721,147	43,486,935	39,058,683	94,516,470	85,779,830
Increase in net position before transfers	20,687,664	15,310,651	2,180,462	6,353,453	22,868,126	21,664,104
Transfers	715,000	715,000	(715,000)	(715,000)	-	-
Increase in net position	21,402,664	16,025,651	1,465,462	5,638,453	22,868,126	21,664,104
Net position beginning	257,756,611	241,730,960	128,497,277	122,858,824	386,253,888	364,589,784
Net position ending	\$ 279,159,275	\$ 257,756,611	\$ 129,962,739	\$ 128,497,277	\$ 409,122,014	\$ 386,253,888

The City's overall net position increased \$22,868,126 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Net position from governmental activities increased \$21,402,664 in fiscal year 2020 for an ending balance of \$279,159,275. The current year increase is due, in part, to a \$5.2 million increase from the prior fiscal year in property taxes which falls in line with the City's growth in the real estate market as mentioned in the proceeding transmittal letter. Additionally, capital grants and contributions increased \$3.0 million. Expenses for governmental activities increased \$4.3 million. The reasons for this increase are discussed in the following section for governmental activities.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Net position from business-type activities increased \$1,465,462 in fiscal year 2020 for an ending balance of \$129,962,739. The current year increase is due, in part, to a \$1.4 million increase in sales tax revenue. Additionally, operating grants and contributions increased \$5.6 million. Expenses for business-type activities increased \$4.4 million. The reasons for this increase are discussed in the following section for business-type activities.

Revenues – For the year ended June 30, 2020, the City’s government-wide total revenues are 117,384,596, an increase of \$10.0 million from prior fiscal year’s revenue of \$107,443,934.

Key elements of this change were as follows:

- Of the City’s total revenues, approximately 51.4 percent resulted from taxes, of which the majority was from property and resort taxes as shown in the following table:

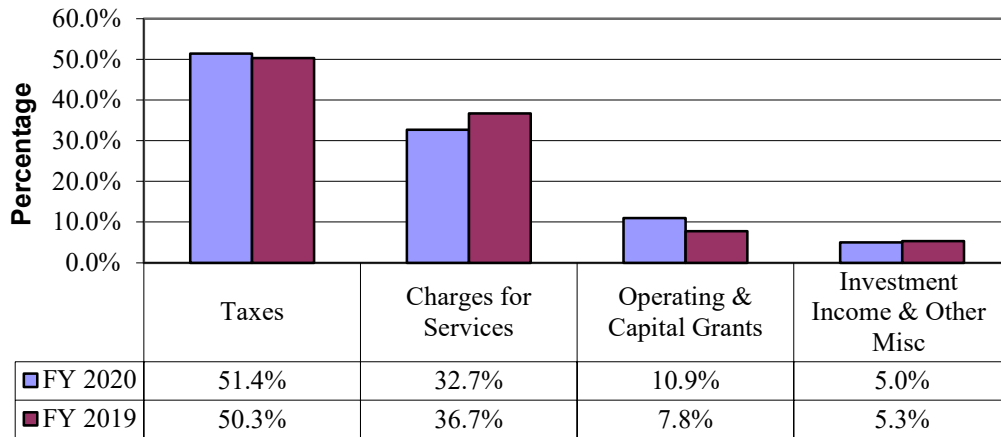
Government-wide Tax Revenues

	2020	2019
Property tax, levied for general purposes	\$ 17,445,636	\$ 15,499,965
Property tax, levied for debt service	9,281,384	6,036,374
General sales and use tax	13,949,845	12,532,041
Franchise tax	3,161,759	3,230,881
Resort tax	16,460,084	16,741,000
Total	\$ 60,298,708	\$ 54,040,261

- Charges for services decreased \$1.0 million from prior fiscal year and represented 32.7 percent of total revenues. The \$1.0 million decrease was due, in part, to a decrease in transit and parking revenues. As part of the effort to support main street businesses during the pandemic, the City placed a moratorium on parking fees beginning in March 2020. This moratorium was still in place at year-end.
- Operating and capital contributions and grants increased \$4.5 million from prior fiscal year and represented 10.9 percent of total revenues. The \$4.5 million increase was due, in part, to an increase in intergovernmental contributions and CARES Act funding from the federal government.
- Investment and other income, which is a combination of interest earnings and changes in the fair value of investments, and other miscellaneous income sources increased \$0.2 million from the prior fiscal year and represented 5.0 percent of total revenues. In 2019, the City had a loss on sale of \$0.7 million. No such activity occurred in fiscal year 2020. Additionally, investment income was down in the current year as interest rates steadily decreased.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Government-Wide Revenues by Source
June 30, 2020 and 2019



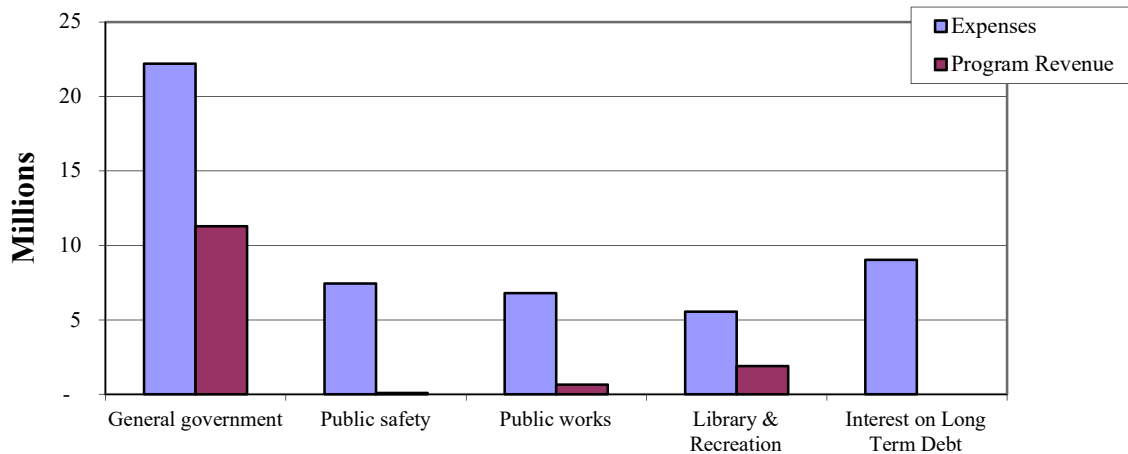
Expenses – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2020, the City’s total expenses were \$94,516,470 compared to the prior fiscal year of \$85,779,830. Of the \$8.7 million increase, governmental activities expenses increased \$4.3 million, primarily due to the additional debt service payments for the 2019 Sales Tax Revenue and General Obligation Bonds which began in the current year. Additionally, public safety, public works and library and recreation remained relatively unchanged from prior fiscal year. Business-type activities increased \$4.4 million, primarily due to an increase in current year debt issuance costs for the 2020 Water Revenue Bond and an increase in noncapitalizable expenses. Additionally, transportation and parking payroll expenses increased \$0.5 million. Total expenses for Golf Course Fund and Storm Water Fund remained relatively unchanged from prior fiscal year.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Governmental Activities:

As shown in the chart and table below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.

Governmental Activities Program Revenue and Expenses



Park City Municipal Corporation Costs of Government Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General government	\$ 22,198,830	\$ 23,755,044	\$ 10,901,126	\$ 16,996,608
Public safety	7,438,463	6,747,797	7,351,939	6,531,558
Public works	6,794,406	6,929,871	6,144,127	6,442,760
Library and recreation	5,556,544	5,729,844	3,661,676	4,406,919
Interest on long term debt	9,041,292	3,558,591	9,041,292	3,558,591
Total	<u>\$ 51,029,535</u>	<u>\$ 46,721,147</u>	<u>\$ 37,100,160</u>	<u>\$ 37,936,436</u>

The City's governmental activities increased net position by \$21.4 million. Key elements of this increase were as follows:

Revenue Highlights:

- Taxes comprise the largest source of revenue for the City's governmental activities: \$52,738,403 or 73.5 percent in fiscal year 2020 of total revenues, an increase of \$4.8 million from prior fiscal year. This increase is almost exclusively related to an increase in property tax revenues. Of total taxes, real property taxes are \$26,727,020 or 50.7 percent in fiscal year 2020.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

- Charges for services were \$8,948,665 and represented 12.5 percent of total governmental activities revenues in fiscal year 2020. Despite revenue for services such as ice facilities and recreation activities decreasing because of the county health orders to shut down for a period of time, the City's revenue from general government activities increased \$2.0 million primarily due to an increase in licensing and permit fees.
- Grant and contribution revenues were \$4,980,710, representing 6.9 percent of total governmental activities revenue in fiscal year 2020, and an increase of \$3.2 million from prior fiscal year. The increase was the result of a \$3.2 million increase in intergovernmental revenue related to regional transit projects.

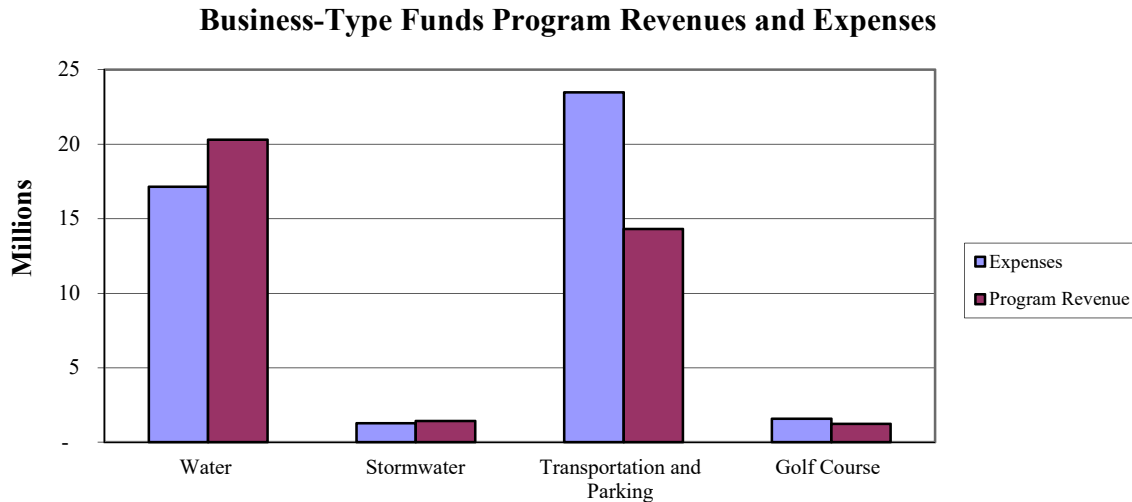
Expense Highlights:

- General government expenses were \$22,198,830 in fiscal year 2020, representing 43.5 percent of total governmental expense and a decrease of \$1.6 million from prior fiscal year. The decrease is due, in part, to recession planning budget cuts. All departments were asked to reduce budgets in the current fiscal year in response to the pandemic. General government includes City Council, Mayor, City Attorney, Human Resources, Technical and Customer Services, Budget, Debt and Grants, Building, Economy, Community and Environment, Planning, Engineering, Finance, Quinns Recreation Complex, Lower Park Avenue Redevelopment Agency, Main Street Redevelopment Agency, and Non-departmental.
- Public Safety expenses were \$7,438,463 in fiscal year 2020, representing 14.6 percent of total governmental expense. Public Safety expenses were consistent from prior fiscal year.
- Public Works expenses were 6,794,406 in fiscal year 2020, representing 13.3 percent of total governmental expense. Public Works expenses were consistent from prior fiscal year.
- Library and Recreation expenses were \$5,556,544 in fiscal year 2020, representing 10.9 percent of total governmental expenses. Library and Recreation expenses were consistent from prior fiscal year.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Business-type Activities:

As show in the chart and table below program revenues generated by both the Stormwater and Water funds are sufficient to cover the costs of service. For the Golf Course and Transportation and Parking funds, the funds rely on miscellaneous revenues and contributions and fund balances to cover the service costs.



Park City Municipal Corporation Costs of Business-Type Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Golf Course Fund	\$ 1,578,559	\$ 1,488,121	\$ 346,038	\$ 296,838
Stormwater Fund	1,276,945	1,470,837	(160,572)	(101,207)
Transportation and Parking Fund	23,485,955	22,521,490	9,180,300	7,031,331
Water Fund	17,145,476	13,578,235	(3,170,092)	(7,117,307)
Total	<u>\$ 43,486,935</u>	<u>\$ 39,058,683</u>	<u>\$ 6,195,674</u>	<u>\$ 109,655</u>

The City's business-type activities increased net position by \$1.5 million. Key elements of this increase were as follows:

Revenue Highlights:

- Charges for services for business-type activities were \$29,418,875, representing 64.4 percent of total business-type revenue, a decrease of \$3.0 million from prior fiscal year. A significant portion of the decrease is related to transit revenues for bus services provided throughout the greater Park City area. During the year, the City dramatically reduced bus routes in Park City and throughout the County. The reduction in service impacted the amount of revenues charged for services. Additionally, the City placed a moratorium on parking fees beginning in March 2020.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

- Operating and capital grants and contributions were \$7,872,386 representing 17.2 percent of total business-type revenue, an increase of approximately \$1.3 million from prior fiscal year. The net increase is primarily due to \$5.6 million in operating grants received from Federal Funds, offset by a decrease in capital grants due to decreased capital asset purchases in fiscal year 2020.
- Combined general sales and use tax and transit resort tax were \$7,560,305, representing 16.6 percent of total business-type revenue, an increase of approximately \$1.4 million from prior fiscal year. The increase is due, in part, to the addition of a new transit tax which the City began collecting in July 2019.

Expense Highlights:

- Water Fund expenses for supplies, maintenance and services increased by \$2.7 million from prior fiscal year. The increase is due to noncapitalizable expenses related to a regional water agreement. The City entered into an agreement to pay for a portion of the construction costs but does not have ownership of the assets.
- Salaries and benefits expense increased by \$0.6 million in the Transportation Fund. The majority of the increase was due to overtime wages. The City was unable to staff the department at full capacity which required a significant increase in overtime hours.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is useful in assessing the City's financing requirements. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City classified fund balances into the following five categories: nonspendable, restricted, committed, assigned and unassigned. In particular, unassigned fund balance is a useful measure of the City's net resources available for spending at the end of the fiscal year. More detailed information about GASB Statement No. 54 is presented in Note A, Section 5, on page 48.

As of June 30, 2020, the aggregate fund balance of the City's governmental funds was \$105,141,857, an increase of \$11.3 million in comparison with the fiscal year ended June 30, 2019. In fiscal year 2020, \$7,811,877 or 7.4 percent of this amount is in unassigned fund balance. Unassigned fund balance category is available for appropriation by the City Council at their discretion.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to remain intact. Nonspendable fund balance is \$88,586 in fiscal year 2020, a decrease of \$0.5 million from prior fiscal year.

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is \$34,327,739 in fiscal year 2020, an increase of \$1.9 million from prior fiscal year. Restricted capital improvement funds will be used to pay for several large dollar construction projects in future fiscal years.

The remainder of the fund balance of \$62,913,655 is committed. Of the total committed fund balance, \$58,162,066 is committed to capital projects, \$2,429,496 is committed to debt service and \$2,322,093 is committed to economic development.

The **General Fund** is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,588,262) and a 25.0 percent maximum (\$7,941,308) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2020 the unassigned fund balance of the General Fund was \$7,811,877 and was \$129,431 below the 25.0 percent limit. The unassigned fund balance decreased by \$893,542 in 2020.

As of June 30, 2020, the restricted fund balance in the **Capital Improvements Fund** was \$8,956,824 and the committed fund balance was \$52,926,956, an increase of \$1.8 million and \$12.4 million, respectively. The increase in committed fund balances resulted from a significant increase in debt issuance offset by capital outlay.

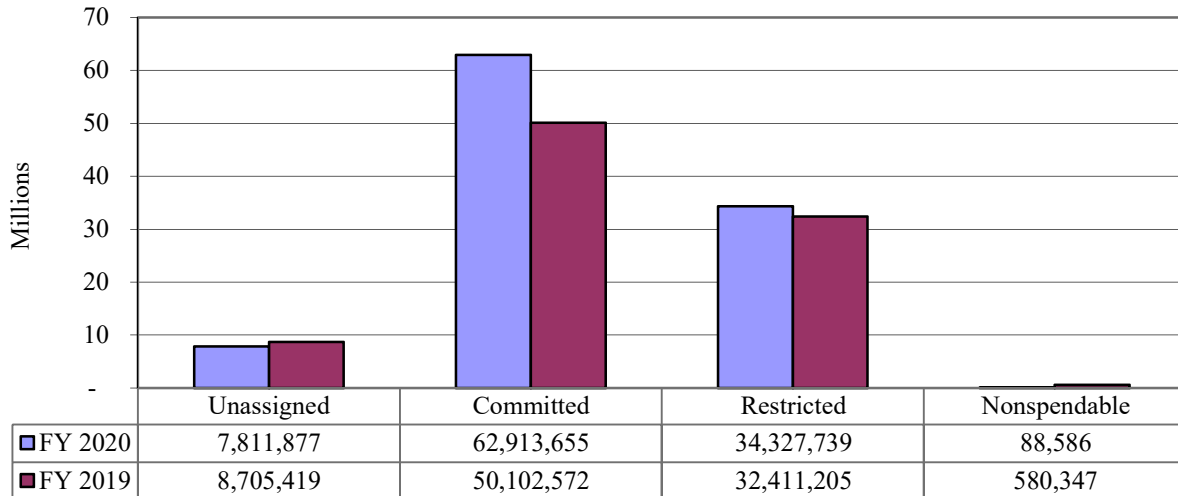
As of June 30, 2020, the restricted fund balance in the **Sales Tax Revenue and Refunding Bonds Debt Service Fund** was \$25,299,223 and the committed fund balance was \$839,969, an increase of \$0.2 million in each fund from prior fiscal year. The fund balances remained constant from prior fiscal year.

As of June 30, 2020, the restricted fund balance in the **General Obligation Debt Service Fund** was \$12,752 and the committed fund balance was \$1,589,527. The fund balances remained constant from prior fiscal year.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

ANALYSIS OF INDIVIDUAL FUNDS

General Fund Components of Fund Balance
June 30, 2020 and 2019



Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the City's enterprise funds totaled \$129,983,257 at June 30, 2020, as compared to \$128,413,548 at the end of fiscal year 2019. Net position at the end of fiscal year 2020 and 2019 for each of these funds were:

Park City Municipal Corporation Proprietary Funds

	<u>Net Position</u>		<u>Change</u>
	<u>2020</u>	<u>2019</u>	
Water	\$ 70,959,443	\$ 68,359,651	\$ 2,599,792
Stormwater	8,890,568	8,550,597	339,971
Transportation and parking	47,280,460	48,611,174	(1,330,714)
Golf course	2,852,786	2,892,126	(39,340)
Total	<u>\$ 129,983,257</u>	<u>\$ 128,413,548</u>	<u>\$ 1,569,709</u>

The net increase in net position from the prior fiscal year was \$1.6 million as compared to an increase of \$5.7 million in fiscal year 2019. Operating revenues decreased \$2.9 million as compared to an increase of \$2.2 million in fiscal year 2019. The Transportation and Parking Fund operating revenues decreased \$2.8 million attributable to decreases in parking meter revenues (caused by the moratorium on parking fees) and a decrease in regional transit revenue. The Water, Stormwater and Golf Fund operating revenues remained relatively flat.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Water Fund net investment in capital assets increased by \$7.0 million, and unrestricted net position decreased by \$4.4 million resulting in a net increase of total net position of approximately \$2.6 million. The increase in net investment in capital assets was due to the net of acquisition of capital assets related to ongoing water treatment plant construction, repayment of related debt, and depreciation expense.

Stormwater Fund net investment in capital assets remained constant from prior fiscal year, and unrestricted net position increased by \$0.3 million. The increase was due to a decrease in salaries and benefits during the current year.

Transportation and Parking Fund net investment in capital assets decreased by \$2.5 million and unrestricted net position increased by \$1.2 million resulting in a net decrease of total net position of approximately \$1.3 million. The decrease in net in capital assets was due to current year depreciation expense. The increase in unrestricted net position was due, in part, to an increase in current year federal operating grants.

Golf Course Fund net investment in capital assets and unrestricted net position remained constant from prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Park City budgets for full-time regular positions at the maximum wage each position could earn for a full 40 hours per week for 52 weeks. However, due to vacant positions and some employees being paid below the maximum allowed for a position, at any given time during the year, the City spends approximately 7.0 percent less than is budgeted for personnel. This is referred to as the vacancy factor. The majority of the adjustments in the budget this fiscal year were due to the vacancy factor.

Differences between the original budget and the final amended budget for expenditures of \$631,019 (net increase) can be briefly summarized as follows:

- \$0.76 million increase in appropriations for general government was due to city council and emergency contingencies, community center, street maintenance and vacancy factor allocations.
- \$0.18 million decrease internal services for vehicle maintenance.

Total actual expenditures came in \$1,952,277 below the final budget. All departments remained within their legal spending authority. The differences between actual and the final budget can be briefly summarized as follows:

- The final budget was \$0.8 million more than the actual expenditures in general government which can be attributed to salaries and benefits.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

- The final budget in public safety was \$0.1 million more than actual expenditures which can be primarily attributed to the purchase of police equipment.
- The final budget was \$0.8 million more than actual expenditures in public works. The variance is attributable, in large part, to salaries and benefits.
- The final budget was \$0.2 million more than actual expenditures in library and recreation. The variance is attributable, in part, to expenditures related to tennis contracts.

Actual revenues of \$33,035,069 were \$0.9 million less than the budgeted revenues of \$33,941,516. See Note L-Budget Reconciliation on page 83 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities totaled \$503,679,517 (net of \$229,927,313 accumulated depreciation) at June 30, 2020, as compared to \$479,591,246 (net of \$218,113,370 accumulated depreciation) at June 30, 2019. This investment in capital assets includes land and water rights, buildings, improvements other than buildings, vehicles and equipment, art, intangibles, infrastructure, right to use assets, and construction in progress.

Major capital asset additions during the year ended June 30, 2020 included:

Governmental Activities:

- \$5.5 million for Woodside affordable housing projects
- \$1.8 million for fleet vehicles
- \$1.8 million for Public Works renovations
- \$3.2 million for SR-248 pedestrian tunnel

Business-type Activities:

- \$9.4 million for 3 Kings Water Treatment Plant
- \$1.0 million for 3 Kings offsite improvements
- \$3.6 million for Quinn's Junction Water Treatment Plant upgrades
- \$3.3 million for SR-248 transmission lines
- \$1.5 million for water service improvements
- \$3.2 million for Golf Maintenance Building
- \$1.1 million for Deer Crest Pump Station

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

Park City Municipal Corporation Capital Assets (net of depreciation/amortization)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019	2020	2019
Land and water rights	\$ 243,725,614	\$ 242,115,989	\$ 22,337,188	\$ 22,245,188	\$ 266,062,802	\$ 264,361,177
Infrastructure	116,996,680	116,443,145	-	-	116,996,680	116,443,145
Buildings	50,511,492	47,313,997	26,241,328	26,241,328	76,752,820	73,555,325
Art	808,389	780,119	109,214	109,214	917,603	889,333
Improvements other than buildings	41,776,647	41,681,469	114,679,866	112,582,307	156,456,513	154,263,776
Vehicles and equipment	15,724,692	14,368,486	36,779,690	36,891,590	52,504,382	51,260,076
Construction in progress	12,022,654	10,273,993	39,504,678	17,743,555	51,527,332	28,017,548
Intangibles	8,921,259	8,827,781	86,455	86,455	9,007,714	8,914,236
Right to use asset	-	-	3,380,984	-	3,380,984	-
Accumulated depreciation	(147,160,045)	(142,155,965)	(82,767,268)	(75,957,405)	(229,927,313)	(218,113,370)
Total Assets	\$ 343,327,382	\$ 339,649,014	\$ 160,352,135	\$ 139,942,232	\$ 503,679,517	\$ 479,591,246

*Fiscal Year 2019 restated, see Note R.

Additional information on the City's capital assets can be found in Note D-Capital Assets on pages 57-58 of this report.

Long-term Debt: At June 30, 2020, the City had \$266,546,061 in long-term debt, an increase of 31.9 percent from fiscal year 2019. Of this amount, \$89,738,177 is considered to be general obligation debt and backed by the full faith and credit of the City. Debt that is secured solely by specific revenue sources is \$173,626,899. Additionally, as discussed in Note E, during the current year, the City entered into a contract payable for \$3,380,985.

The City's general obligation bonds, including the recent 2020 Series Bond, were assigned a rating by Moody's of Aaa, and confirmed at AA+ by Standard and Poor's and AA+ by Fitch. Standard and Poor's has assigned a rating of AA- to the most recent Series 2015, 2017 and 2019 Sales Tax Revenue Bonds. The City's 2013, 2014 and 2020 Water Revenue Bonds are rated Aa2 by Moody's and AA by Standard and Poor's. The City's long-term debt for the fiscal years 2020 and 2019 were as follows:

Park City Municipal Corporation Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 89,738,177	\$ 91,632,655	\$ -	\$ -	\$ 89,738,177	\$ 91,632,655
Revenue bonds	73,389,583	78,605,090	100,237,316	31,906,489	173,626,899	110,511,579
Contract payable	-	-	3,180,985	-	3,180,985	-
Total debt	\$ 163,127,760	\$ 170,237,745	\$ 103,418,301	\$ 31,906,489	\$ 266,546,061	\$ 202,144,234

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2020

The State of Utah mandates a general obligation debt limit of 4.0 percent of total assessed value of \$10,103,552,000. The current limitation for the City is \$404,142,080 which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$79,915,000 or 0.8 percent of total assessed value, leaving the amount available for future indebtedness at \$324,227,080. See Schedule 17 on page 127 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 59-70 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Summit County (of which Park City is the largest city) was 9.8 percent compared with the State unemployment rate of 5.3 percent, and a national rate of 11.1 percent. This compares with a rate of 2.7 percent for Summit County in 2019. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2021 City budget does not include a property tax increase. The City Council recently adopted the certified tax rate for the General Fund. In accordance with Utah Statutes, the certified tax rate is intended to generate the same amount of property tax revenue as was received the prior fiscal year plus revenue for "new growth" occurring in the City. All other revenue sources have been estimated on a conservative basis using a multi-year trend analysis and assuming significant changes in the local economy due to ongoing COVID-19 impacts. The City's approach to budgeting includes preparation of a five-year capital plan. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions. One of the most powerful aspects of the multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider the necessary steps to alter the long-term forecasted position of the City.
- The rates and fees for most services remained constant for fiscal year 2021 compared with the prior fiscal year. The most significant changes in rates were in the Water and Stormwater Funds. In the Water Fund the water base rate was increased 3.0 percent, a 10.0 percent increase to the irrigation base rate. The energy surcharge remained flat at \$0.55 per 1,000 gallons from prior fiscal year. In the Stormwater Fund the Equivalent Surface Unit (ESU) charge increased 3.0 percent, a \$0.19 increase. The City anticipates rate increases each year over the next several years in order to provide adequate working capital necessary to maintain the water and stormwater systems.

Contacting City Management

This financial report is designed to give its readers a general overview of the City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to Park City Municipal Corporation, Finance and Accounting Department at P.O. Box 1480, Park City, Utah 84060-1480.

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BASIC FINANCIAL STATEMENTS

Park City Municipal Corporation
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 71,351,571	\$ 19,792,362	\$ 91,143,933
Restricted cash and cash equivalents, fiscal agent	25,411,975	46,517,530	71,929,505
Restricted cash, cash equivalents and investments, other	10,856,824	-	10,856,824
Taxes receivable	27,921,066	560,910	28,481,976
Accounts receivable	1,228,544	14,069,428	15,297,972
Notes receivable	250,225	-	250,225
Inventories	237,537	698,146	935,683
Prepays	24,011	1,241,451	1,265,462
Internal balances	44,625	(44,625)	-
Total current assets	137,326,378	82,835,202	220,161,580
Noncurrent assets:			
Notes	13,161	-	13,161
Prepays	-	800,648	800,648
Land and water rights	243,725,614	22,337,188	266,062,802
Construction in progress	12,022,654	39,504,678	51,527,332
Art	808,389	109,214	917,603
Right to use asset	-	3,338,722	3,338,722
Buildings	32,950,974	17,647,270	50,598,244
Improvements other than buildings	17,740,655	59,849,868	77,590,523
Vehicles and equipment	5,956,316	17,549,267	23,505,583
Infrastructure	21,566,939	-	21,566,939
Intangibles	8,555,841	15,928	8,571,769
Total noncurrent assets	343,340,543	161,152,783	504,493,326
Total assets	480,666,921	243,987,985	724,654,906
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,193,872	1,121,544	3,315,416
Total deferred outflows of resources	2,193,872	1,121,544	3,315,416
Total assets and deferred outflows of resources	482,860,793	245,109,529	727,970,322
LIABILITIES			
Current liabilities:			
Accounts payable	2,079,606	4,913,098	6,992,704
Accrued liabilities	3,960,912	3,249,636	7,210,548
Compensated absences	705,010	287,365	992,375
Contract payable	-	141,311	141,311
General obligation bonds	6,030,000	-	6,030,000
Revenue bonds	4,855,000	2,675,000	7,530,000
Total current liabilities	17,630,528	11,266,410	28,896,938
Noncurrent liabilities:			
Compensated absences	243,191	125,597	368,788
Contract payable	-	3,039,674	3,039,674
General obligation bonds	83,708,177	-	83,708,177
Revenue bonds	68,534,583	97,562,316	166,096,899
Net pension liability	5,360,865	1,813,320	7,174,185
Total noncurrent liabilities	157,846,816	102,540,907	260,387,723
Total liabilities	175,477,344	113,807,317	289,284,661
DEFERRED INFLOWS OF RESOURCES			
Property taxes	24,703,651	-	24,703,651
Deferred gain on refunding	437,699	266,960	704,659
Deferred inflows of resources related to pensions	3,082,824	1,072,513	4,155,337
Total deferred inflows of resources	28,224,174	1,339,473	29,563,647
Total liabilities and deferred inflows of resources	203,701,518	115,146,790	318,848,308
NET POSITION			
Net investment in capital assets	213,716,372	117,863,860	331,580,232
Restricted for:			
Capital Projects	8,956,824	-	8,956,824
Other	58,940	-	58,940
Unrestricted	56,427,139	12,098,879	68,526,018
Total net position	\$ 279,159,275	\$ 129,962,739	\$ 409,122,014

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

**Park City Municipal Corporation
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Program Revenues		Primary Government		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 22,198,830	\$ 7,004,032	\$ 250,198	\$ 4,043,474	\$ (10,901,126)	\$ -	\$ (10,901,126)
Public safety	7,438,463	-	86,524	-	(7,351,939)	-	(7,351,939)
Public works	6,794,406	113,087	-	537,192	(6,144,127)	-	(6,144,127)
Library and recreation	5,556,544	1,831,546	7,821	55,501	(3,661,676)	-	(3,661,676)
Interest on long-term debt	9,041,292	-	-	-	(9,041,292)	-	(9,041,292)
Total governmental activities	<u>51,029,535</u>	<u>8,948,665</u>	<u>344,543</u>	<u>4,636,167</u>	<u>(37,100,160)</u>	<u>-</u>	<u>(37,100,160)</u>
Business-type activities:							
Golf Course Fund	1,578,559	1,232,521	-	-	-	(346,038)	(346,038)
Stormwater Fund	1,276,945	1,437,517	-	-	-	160,572	160,572
Transportation and Parking Fund	23,485,955	8,210,423	5,586,097	509,135	-	(9,180,300)	(9,180,300)
Water Fund	17,145,476	18,538,414	-	1,777,154	-	3,170,092	3,170,092
Total business-type activities	<u>43,486,935</u>	<u>29,418,875</u>	<u>5,586,097</u>	<u>2,286,289</u>	<u>-</u>	<u>(6,195,674)</u>	<u>(6,195,674)</u>
Total primary government	<u>\$ 94,516,470</u>	<u>\$ 38,367,540</u>	<u>\$ 5,930,640</u>	<u>\$ 6,922,456</u>	<u>(37,100,160)</u>	<u>(6,195,674)</u>	<u>(43,295,834)</u>
General revenues:							
Property tax, levied for general purposes					17,445,636	-	17,445,636
Property tax, levied for debt service					9,281,384	-	9,281,384
General sales and use tax					6,389,540	4,703,322	11,092,862
Franchise tax					3,161,759	-	3,161,759
Resort tax					16,460,084	2,856,983	19,317,067
Investment earnings					2,041,844	243,778	2,285,622
Miscellaneous					2,938,083	562,355	3,500,438
Gain on sale of capital assets					69,494	9,698	79,192
Transfers					715,000	(715,000)	-
Total general revenues and transfers					<u>58,502,824</u>	<u>7,661,136</u>	<u>66,163,960</u>
Change in net position					21,402,664	1,465,462	22,868,126
Net position - beginning					257,756,611	128,497,277	386,253,888
Net position - ending					<u>\$ 279,159,275</u>	<u>\$ 129,962,739</u>	<u>\$ 409,122,014</u>

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

GOVERNMENTAL FUNDS

Major Funds

General Fund - Accounts for all activities not accounted for by other funds of the City. The General Fund accounts for the normal recurring activities of the City, (*i.e.*, public safety, public works, library, recreation, general government, *etc.*). The principal sources of revenue for this fund are property taxes, sales and use taxes and franchise taxes.

Debt Service - Sales Tax Revenue and Refunding Bonds Fund - Accounts for the accumulation of money for the repayment of the 2014A and B, 2015, 2017 and 2019 Sales Tax Revenue and Refunding Bonds.

Debt Service - Park City General Obligation Bond Fund - Accounts for the accumulation of money for the repayment of 2013A, 2017, 2019 and 2020 General Obligation Bonds. The principal source of revenue is property tax.

Capital Projects - Capital Improvements Fund - Accounts for the acquisition or construction of major capital projects not accounted for in the proprietary funds. The Capital Improvements Fund is used to account for capital projects of the City's general government.

**Park City Municipal Corporation
Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund	Capital Improvements Fund	Sales Tax Revenue and Refunding Bonds Debt Service Fund	Park City General Obligation Bond Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents and investments	\$ 7,557,075	\$ 50,764,080	\$ 839,969	\$ 1,590,027	\$ 7,709,679	\$ 68,460,830
Restricted cash, cash equivalents and investments, fiscal agent	-	100,000	25,299,223	12,752	-	25,411,975
Restricted cash, cash equivalents and investments, other	-	10,856,824	-	-	-	10,856,824
Taxes receivable	11,937,762	484,816	-	9,518,281	4,900,754	26,841,613
Accounts receivable	112,084	1,016,634	-	-	525	1,129,243
Notes receivable	-	263,386	-	-	-	263,386
Interfund loan	24,107	-	-	-	-	24,107
Inventory	40,468	-	-	-	-	40,468
Prepays	24,011	-	-	-	-	24,011
Total assets	<u>\$ 19,695,507</u>	<u>\$ 63,485,740</u>	<u>\$ 26,139,192</u>	<u>\$ 11,121,060</u>	<u>\$ 12,610,958</u>	<u>\$ 133,052,457</u>
LIABILITIES						
Accounts payable	\$ 719,159	\$ 781,050	-	\$ 500	\$ 172,147	\$ 1,672,856
Accrued liabilities	689,076	557,524	-	-	-	1,246,600
Total liabilities	<u>1,408,235</u>	<u>1,338,574</u>	<u>-</u>	<u>500</u>	<u>172,147</u>	<u>2,919,456</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property tax	10,303,762	-	-	9,518,281	4,881,608	24,703,651
Unavailable revenue-notes	24,107	263,386	-	-	-	287,493
Total deferred inflow of resources	<u>10,327,869</u>	<u>263,386</u>	<u>-</u>	<u>9,518,281</u>	<u>4,881,608</u>	<u>24,991,144</u>
Total liabilities and deferred inflows of resources	<u>11,736,104</u>	<u>1,601,960</u>	<u>-</u>	<u>9,518,781</u>	<u>5,053,755</u>	<u>27,910,600</u>
FUND BALANCES						
Nonspendable						
Prepays	24,011	-	-	-	-	24,011
Interfund loan	24,107	-	-	-	-	24,107
Inventory	40,468	-	-	-	-	40,468
Restricted						
Capital projects	-	8,956,824	24,821,394	-	-	33,778,218
Debt service	-	-	477,829	12,752	-	490,581
Drug and tobacco enforcement	58,940	-	-	-	-	58,940
Committed						
Capital projects funds	-	52,926,956	-	-	5,235,110	58,162,066
Debt service funds	-	-	839,969	1,589,527	-	2,429,496
Economic development	-	-	-	-	2,322,093	2,322,093
Unassigned	7,811,877	-	-	-	-	7,811,877
Total fund balances	<u>\$ 7,959,403</u>	<u>\$ 61,883,780</u>	<u>\$ 26,139,192</u>	<u>\$ 1,602,279</u>	<u>\$ 7,557,203</u>	<u>\$ 105,141,857</u>
Total liabilities and fund balances	<u>\$ 19,695,507</u>	<u>\$ 63,485,740</u>	<u>\$ 26,139,192</u>	<u>\$ 11,121,060</u>	<u>\$ 12,610,958</u>	<u>\$ 133,052,457</u>

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

Park City Municipal Corporation
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2020

Fund balances of governmental funds		\$105,141,857
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		343,327,382
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:		
Taxes receivable	\$1,079,453	
Interest receivable	<u>51,997</u>	
		1,131,450
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets, deferred outflows of resources, and liabilities and deferred inflows of resources of certain internal service funds are included in governmental activities in the statement of net position.		2,262,194
Certain items not accounted for as unavailable under accrual accounting.		287,491
Pollution remediation liability not reported in the funds.		(1,272,000)
Noncurrent liabilities, including bonds payable and net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds. Noncurrent liabilities at year-end consist of:		
Compensated absences	(889,177)	
Revenue bonds	(66,925,000)	
General obligation bonds	(79,915,000)	
Deferred bond premiums and discounts	(16,287,760)	
Accrued interest on the bonds	(1,419,130)	
Net pension liability	<u>(5,128,577)</u>	
		(170,564,644)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:		
Deferred gain on debt refunding	(437,699)	
Deferred outflows of resources related to pensions	2,104,053	
Deferred inflows of resources related to pensions	<u>(2,820,809)</u>	
		<u>(1,154,455)</u>
Net position of governmental activities		<u><u>\$279,159,275</u></u>

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

Park City Municipal Corporation
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Improvements Fund	Sales Tax Revenue and Refunding Bonds Debt Service Fund	Park City General Obligation Bond Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes and special assessments	\$ 23,160,141	\$ 15,439,343	\$ -	\$ 9,281,384	\$ 1,123,952	\$ 49,004,820
Licenses and permits	5,776,248	-	-	-	-	5,776,248
Intergovernmental	336,723	4,593,988	-	-	3,762,795	8,693,506
Charges for services	2,574,679	113,087	-	-	-	2,687,766
Fines and forfeitures	22,313	-	-	-	-	22,313
Investment income	359,111	937,126	614,895	3,651	127,064	2,041,847
Impact fees	-	456,053	-	-	-	456,053
Rental and other	589,481	60	-	-	-	589,541
Miscellaneous	216,373	456,513	-	43,185	-	716,071
Total revenues	<u>33,035,069</u>	<u>21,996,170</u>	<u>614,895</u>	<u>9,328,220</u>	<u>5,013,811</u>	<u>69,988,165</u>
EXPENDITURES						
Current:						
General government	18,616,889	-	-	-	-	18,616,889
Public safety	6,998,527	-	-	-	-	6,998,527
Public works	5,782,998	-	-	-	-	5,782,998
Library and recreation	4,273,728	-	-	-	-	4,273,728
Economic development	-	-	-	-	861,561	861,561
Debt service:						
Interest	-	-	2,802,890	3,366,436	-	6,169,326
Principal retirement	-	-	4,625,000	4,650,000	-	9,275,000
Bond issuance costs	-	-	-	118,027	-	118,027
Capital outlay	-	15,230,920	-	-	1,976,986	17,207,906
Total expenditures	<u>35,672,142</u>	<u>15,230,920</u>	<u>7,427,890</u>	<u>8,134,463</u>	<u>2,838,547</u>	<u>69,303,962</u>
Excess (deficiency) of revenues over expenditures	<u>(2,637,073)</u>	<u>6,765,250</u>	<u>(6,812,995)</u>	<u>1,193,757</u>	<u>2,175,264</u>	<u>684,203</u>
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	4,000,000	-	4,000,000
Refunding bonds issued	-	-	-	5,470,000	-	5,470,000
Payment to refunded bondholders	-	-	-	(7,245,000)	-	(7,245,000)
Premium on debt issuance	-	-	-	1,206,669	-	1,206,669
Premium on refunding bonds issued	-	-	-	91,796	-	91,796
Sale of capital assets	-	4,255,251	-	-	179,548	4,434,799
Transfers in	2,724,847	4,868,732	7,419,316	-	5,568,132	20,581,027
Transfers out	(1,473,077)	(3,682,118)	(217,039)	(4,651,693)	(7,857,253)	(17,881,180)
Total other financing sources (uses)	<u>1,251,770</u>	<u>5,441,865</u>	<u>7,202,277</u>	<u>(1,128,228)</u>	<u>(2,109,573)</u>	<u>10,658,111</u>
Net change in fund balances	(1,385,303)	12,207,115	389,282	65,529	65,691	11,342,314
Fund balances - beginning, as restated (see Note R)	9,344,706	49,676,665	25,749,910	1,536,750	7,491,512	93,799,543
Fund balances - ending	<u>\$ 7,959,403</u>	<u>\$ 61,883,780</u>	<u>\$ 26,139,192</u>	<u>\$ 1,602,279</u>	<u>\$ 7,557,203</u>	<u>\$ 105,141,857</u>

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

Park City Municipal Corporation
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$11,342,314
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	\$13,909,726	
Depreciation expense	(5,852,163)	
		8,057,563

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported; whereas in the governmental funds, proceeds from sales increase financial resources.	(4,379,196)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Taxes receivable	44,853	
Interest receivable	(2,950)	
Unavailable revenue	(370,527)	
		(328,624)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Premiums and discounts associated with the issuance of debt are reported as other financing sources (uses) in the governmental funds, but in the statement of activities they are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position:

Issuance of long-term debt	(9,470,000)	
Principal repayments of long-term debt	9,275,000	
Payment to refunded bond holders	7,245,000	
Premium on bond sales	(1,298,465)	
Amortization of deferred gain on refunding	62,563	
Amortization of bond premiums and discounts	1,358,450	
		7,172,548

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(172,127)
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Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Pension contributions	(2,854,935)	
Actuarial calculated pension expense	2,449,527	
		(405,408)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. Internal service fund net income of \$11,348 less amount allocated to business-type activities of \$20,518 and reversal of prior year allocation of (\$83,729).	115,594
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Change in net position of governmental activities	\$21,402,664
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The notes to the financial statements are an integral part of this statement.

Park City Municipal Corporation
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 29,689,781	\$ 25,819,236	\$ 23,160,141	\$ (2,659,095)
Licenses and permits	2,971,000	4,695,984	5,776,248	1,080,264
Intergovernmental	138,000	138,001	336,723	198,722
Charges for services	3,273,292	2,178,468	2,574,679	396,211
Fines and forfeitures	20,000	51,735	22,313	(29,422)
Investment income	121,000	320,762	359,111	38,349
Rental and other	631,000	534,420	589,481	55,061
Miscellaneous	76,935	202,910	216,373	13,463
Total revenues	<u>36,921,008</u>	<u>33,941,516</u>	<u>33,035,069</u>	<u>(906,447)</u>
EXPENDITURES				
General government	18,671,448	19,431,536	18,616,889	814,647
Public safety	7,191,000	7,127,181	6,998,527	128,654
Public works	6,512,937	6,566,187	5,782,998	783,189
Library and recreation	4,618,015	4,499,515	4,273,728	225,787
Total expenditures	<u>36,993,400</u>	<u>37,624,419</u>	<u>35,672,142</u>	<u>1,952,277</u>
Excess (deficiency) of revenues over expenditures	<u>(72,392)</u>	<u>(3,682,903)</u>	<u>(2,637,073)</u>	<u>1,045,830</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,724,847	2,724,847	2,724,847	-
Transfers out	(3,909,107)	(1,473,077)	(1,473,077)	-
Total other financing sources (uses)	<u>(1,184,260)</u>	<u>1,251,770</u>	<u>1,251,770</u>	<u>-</u>
Net change in fund balances	(1,256,652)	(2,431,133)	(1,385,303)	1,045,830
Fund balances - beginning	9,344,706	9,344,706	9,344,706	-
Fund balances - ending	<u>\$ 8,088,054</u>	<u>\$ 6,913,573</u>	<u>\$ 7,959,403</u>	<u>\$ 1,045,830</u>

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

PROPRIETARY FUNDS

Major Funds

Water Fund - Accounts for the operations of the City's water utility.

Stormwater Fund - Accounts for the operations of the City's storm water utility.

Golf Course Fund - Accounts for the operations of the City's golf course.

Transportation and Parking Fund - Accounts for the operations of the City's public transportation (bus and trolley) system and paid parking system.

Park City Municipal Corporation
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities				Governmental Activities	
	Water Fund	Stormwater Fund	Golf Course Fund	Transportation and Parking Fund	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets:						
Cash, cash equivalents and investments	\$ 10,649,103	\$ 1,358,184	\$ 754,593	\$ 7,030,482	\$ 19,792,362	\$ 2,890,742
Restricted cash, cash equivalents and investments, fiscal agent	46,517,530	-	-	-	46,517,530	-
Accounts receivable	8,545,484	86,327	75	5,437,542	14,069,428	47,306
Taxes receivable	-	-	-	560,910	560,910	-
Inventories	519,986	-	115,623	62,537	698,146	197,069
Prepays	615,397	-	-	626,054	1,241,451	-
Total current assets	<u>66,847,500</u>	<u>1,444,511</u>	<u>870,291</u>	<u>13,717,525</u>	<u>82,879,827</u>	<u>3,135,117</u>
Noncurrent assets:						
Prepays	-	-	-	800,648	800,648	-
Land and water rights	17,785,588	-	828,451	3,723,149	22,337,188	-
Construction in progress	37,986,546	158,516	-	1,359,616	39,504,678	-
Art	-	-	-	109,214	109,214	-
Right to use Asset	3,380,984	-	-	-	3,380,984	-
Buildings	3,660,682	-	1,671,486	20,909,160	26,241,328	-
Improvements other than buildings	89,391,512	15,410,295	1,728,630	8,149,429	114,679,866	-
Vehicles and equipment	10,387,618	428,030	1,658,979	24,305,063	36,779,690	47,450
Intangible	27,810	-	-	58,645	86,455	-
Accumulated depreciation and amortization	(48,641,431)	(8,164,669)	(3,671,721)	(22,289,447)	(82,767,268)	(47,450)
Total noncurrent assets	<u>113,979,309</u>	<u>7,832,172</u>	<u>2,215,825</u>	<u>37,125,477</u>	<u>161,152,783</u>	<u>-</u>
Total assets	<u>180,826,809</u>	<u>9,276,683</u>	<u>3,086,116</u>	<u>50,843,002</u>	<u>244,032,610</u>	<u>3,135,117</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pensions	301,322	76,352	37,959	705,911	1,121,544	89,819
Total deferred outflows of resources	<u>301,322</u>	<u>76,352</u>	<u>37,959</u>	<u>705,911</u>	<u>1,121,544</u>	<u>89,819</u>
Total assets and deferred outflows of resources	<u>\$181,128,131</u>	<u>\$ 9,353,035</u>	<u>\$ 3,124,075</u>	<u>\$ 51,548,913</u>	<u>\$245,154,154</u>	<u>\$ 3,224,936</u>
LIABILITIES						
Current liabilities:						
Interfund loan	-	-	24,107	-	24,107	-
Accounts payable	4,450,577	172,301	86,063	204,157	4,913,098	406,750
Accrued liabilities	900,812	12,751	36,536	2,299,537	3,249,636	23,183
Revenue bonds	2,675,000	-	-	-	2,675,000	-
Compensated absences	83,353	25,073	17,120	161,819	287,365	30,823
Contract payable	141,311	-	-	-	141,311	-
Total current liabilities	<u>8,251,053</u>	<u>210,125</u>	<u>163,826</u>	<u>2,665,513</u>	<u>11,290,517</u>	<u>460,756</u>
Noncurrent liabilities:						
Revenue bonds	97,562,316	-	-	-	97,562,316	-
Net pension liability	619,972	155,738	64,158	973,452	1,813,320	232,288
Compensated absences	35,723	10,746	7,337	71,791	125,597	28,201
Contract payable	3,039,674	-	-	-	3,039,674	-
Total noncurrent liabilities	<u>101,257,685</u>	<u>166,484</u>	<u>71,495</u>	<u>1,045,243</u>	<u>102,540,907</u>	<u>260,489</u>
Total liabilities	<u>109,508,738</u>	<u>376,609</u>	<u>235,321</u>	<u>3,710,756</u>	<u>113,831,424</u>	<u>721,245</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pensions	392,990	85,858	35,968	557,697	1,072,513	262,015
Deferred inflows of resources related to debt	266,960	-	-	-	266,960	-
Total deferred inflows of resources	<u>659,950</u>	<u>85,858</u>	<u>35,968</u>	<u>557,697</u>	<u>1,339,473</u>	<u>262,015</u>
Total liabilities and deferred inflows of resources	<u>110,168,688</u>	<u>462,467</u>	<u>271,289</u>	<u>4,268,453</u>	<u>115,170,897</u>	<u>983,260</u>
NET POSITION						
Net investment in capital assets	71,491,036	7,832,172	2,215,825	36,324,827	117,863,860	-
Unrestricted	(531,593)	1,058,396	636,961	10,955,633	12,119,397	2,241,676
Total net position	<u>\$ 70,959,443</u>	<u>\$ 8,890,568</u>	<u>\$ 2,852,786</u>	<u>\$ 47,280,460</u>	<u>\$129,983,257</u>	<u>\$ 2,241,676</u>

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

Park City Municipal Corporation
Reconciliation of the Statement of Net Position - Proprietary Funds
to the Government-wide Statement of Net Position
June 30, 2020

Net Position of enterprise funds	\$129,983,257
Amounts reported for enterprise funds in the statement of net position are different because:	
Certain internal service fund assets and liabilities included with business-type activities.	(20,518)
Net position of business-type activities	<u>129,962,739</u>

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

Park City Municipal Corporation
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities				Governmental Activities	
	Water Fund	Stormwater Fund	Golf Course Fund	Transportation and Parking Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 18,538,414	\$ 1,437,517	\$ 1,493,600	\$ 8,210,423	\$ 29,679,954	\$ 4,286,651
Miscellaneous	-	-	29,687	111,456	141,143	-
Total operating revenues	<u>18,538,414</u>	<u>1,437,517</u>	<u>1,523,287</u>	<u>8,321,879</u>	<u>29,821,097</u>	<u>4,286,651</u>
OPERATING EXPENSES						
Salaries and benefits	3,204,546	662,375	760,815	10,976,330	15,604,066	1,016,050
Supplies, maintenance and services	7,073,133	152,121	470,644	7,161,940	14,857,838	2,390,420
Energy and utilities	937,621	46,067	52,582	1,087,446	2,123,716	868,833
Depreciation and amortization	3,582,658	157,979	212,864	3,169,813	7,123,314	-
Total operating expenses	<u>14,797,958</u>	<u>1,018,542</u>	<u>1,496,905</u>	<u>22,395,529</u>	<u>39,708,934</u>	<u>4,275,303</u>
Operating income (loss)	<u>3,740,456</u>	<u>418,975</u>	<u>26,382</u>	<u>(14,073,650)</u>	<u>(9,887,837)</u>	<u>11,348</u>
NONOPERATING REVENUES (EXPENSES)						
Taxes and special assessments	-	-	-	7,560,305	7,560,305	-
Investment income	146,186	20,996	16,046	60,550	243,778	-
Miscellaneous	160,132	-	-	-	160,132	-
Gain on sale of capital assets	5,452	-	-	4,246	9,698	-
Bond issuance costs	(333,785)	-	-	-	(333,785)	-
Interest expense	(1,354,398)	-	(723)	-	(1,355,121)	-
Total nonoperating revenues (expenses)	<u>(1,376,413)</u>	<u>20,996</u>	<u>15,323</u>	<u>7,625,101</u>	<u>6,285,007</u>	<u>-</u>
Income (loss) before contributions and transfers	2,364,043	439,971	41,705	(6,448,549)	(3,602,830)	11,348
Capital contributions	1,777,154	-	-	6,095,232	7,872,386	-
Transfers in	-	-	25,000	-	25,000	-
Transfers out	(1,541,405)	(100,000)	(106,045)	(977,397)	(2,724,847)	-
Change in net position	2,599,792	339,971	(39,340)	(1,330,714)	1,569,709	11,348
Total net position - beginning	68,359,651	8,550,597	2,892,126	48,611,174	128,413,548	2,230,328
Total net position - ending	<u>\$ 70,959,443</u>	<u>\$ 8,890,568</u>	<u>\$ 2,852,786</u>	<u>\$ 47,280,460</u>	<u>\$129,983,257</u>	<u>\$ 2,241,676</u>

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

Park City Municipal Corporation
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net changes in net position - total enterprise funds	\$1,569,709
Amounts reported for enterprise fund activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. Internal service fund net income of \$11,347 less amount allocated to governmental activities of \$31,865 and reversal of prior year allocation of \$83,729.	<u>(104,247)</u>
Change in net position of business-type activities	<u><u>\$1,465,462</u></u>

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

**Park City Municipal Corporation
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Water Fund	Stormwater Fund	Golf Course Fund	Transportation and Parking Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customers	\$ 10,796,737	\$ 1,510,038	\$ 1,535,669	\$ 11,772,585	\$ 25,615,029	\$ 4,336,929
Payments to employees	(3,123,986)	(835,230)	(764,364)	(10,850,012)	(15,573,592)	(1,004,053)
Payments to suppliers	(6,174,982)	(38,004)	(528,157)	(5,870,839)	(12,611,982)	(3,208,602)
Net cash provided (used) by operating activities	<u>1,497,769</u>	<u>636,804</u>	<u>243,148</u>	<u>(4,948,266)</u>	<u>(2,570,545)</u>	<u>124,274</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	-	25,000	-	25,000	-
Transfers to other funds	(826,405)	(100,000)	(106,045)	(977,397)	(2,009,847)	-
Transit and resort sales tax	-	-	-	7,617,119	7,617,119	-
Net cash provided (used) by noncapital financing activities	<u>(826,405)</u>	<u>(100,000)</u>	<u>(81,045)</u>	<u>6,639,722</u>	<u>5,632,272</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact fees, contributions and grants	1,777,154	-	-	5,369,670	7,146,824	-
Acquisition and construction of capital assets	(22,545,718)	(158,516)	(120,920)	(659,574)	(23,484,728)	-
Principal paid on capital debt and interfund loan	(16,790,000)	-	(31,654)	-	(16,821,654)	-
Interest paid on capital debt and interfund loan	(1,190,495)	-	(723)	-	(1,191,218)	-
Proceeds from sales of capital assets	5,452	-	-	4,246	9,698	-
Federal subsidy on capital debt	160,132	-	-	-	160,132	-
Net proceeds and premiums from capital debt	85,317,442	-	-	-	85,317,442	-
Bond issuance costs paid on capital debt	(499,649)	-	-	-	(499,649)	-
Net cash provided (used) by capital and related financing activities	<u>46,234,318</u>	<u>(158,516)</u>	<u>(153,297)</u>	<u>4,714,342</u>	<u>50,636,847</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received by investing activities	147,580	21,099	16,150	60,110	244,939	-
Net cash provided by investing activities	<u>147,580</u>	<u>21,099</u>	<u>16,150</u>	<u>60,110</u>	<u>244,939</u>	<u>-</u>
Net increase in cash and cash equivalents	47,053,262	399,387	24,956	6,465,908	53,943,513	124,274
Balances - beginning of year	10,113,371	958,797	729,637	564,574	12,366,379	2,766,468
Balances - end of the year	<u>\$ 57,166,633</u>	<u>\$ 1,358,184</u>	<u>\$ 754,593</u>	<u>\$ 7,030,482</u>	<u>\$ 66,309,892</u>	<u>\$ 2,890,742</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 3,740,456	\$ 418,975	\$ 26,382	\$ (14,073,650)	\$ (9,887,837)	\$ 11,348
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	3,582,658	157,979	212,864	3,169,813	7,123,314	-
Non-cash water interfund transfer to general fund	(715,000)	-	-	-	(715,000)	-
Pension related	51,856	(175,580)	(9,400)	86,870	(46,254)	7,142
Changes in assets and liabilities:						
Accounts receivable	(6,897,163)	72,521	12,382	4,112,345	(2,699,915)	50,278
Inventory	(146,536)	-	(6,704)	72,070	(81,170)	20,453
Accounts and other payables	1,852,794	160,184	1,773	1,644,838	3,659,589	30,198
Accrued liabilities	13,479	192	3,183	18,761	35,615	11,249
Compensated absences	15,225	2,533	2,668	20,687	41,113	(6,394)
Net cash provided (used) by operating activities	<u>\$ 1,497,769</u>	<u>\$ 636,804</u>	<u>\$ 243,148</u>	<u>\$ (4,948,266)</u>	<u>\$ (2,570,545)</u>	<u>\$ 124,274</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Included in investment income is an increase of \$43,686 in fair value for the year ended June 30, 2020.						

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

FIDUCIARY FUND

Custodial Fund - Used to hold deposits and performance bonds from individuals, organizations and other governments.

Park City Municipal Corporation
Statement of Fiduciary Net Position
June 30, 2020

	Custodial Fund
ASSETS	
Cash, cash equivalents and investments	\$ 3,029,275
Total assets	3,029,275
 LIABILITIES	
Accounts payable and other liabilities	-
Total liabilities	-
 NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	3,029,275
Total net position	\$ 3,029,275

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

**Park City Municipal Corporation
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020**

	Custodial Fund
ADDITIONS	
Contributions from individuals, organizations, and other governments	\$ 642,868
Total additions	642,868
DEDUCTIONS	
Refunds to individuals, organizations, and other governments	942,629
Total deductions	942,629
Net decrease in fiduciary net position	(299,761)
Net Position -- beginning of the year	3,329,036
Net Position -- end of the year	\$ 3,029,275

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

**NOTES TO THE
BASIC FINANCIAL
STATEMENTS**

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statement follows.

1. General Information

The Park City Municipal Corporation (the City) is a municipal corporation governed by an elected mayor and five-member Council elected at large with staggered terms. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government. The Mayor is the administrative authority by statute; however, that responsibility has been delegated to the City Manager by City Ordinance. Therefore, the City operates under a Council-Manager form of government. The City provides the following services as authorized in its charter: public safety (police), highways and streets, cultural and recreational, library, public improvements, planning and zoning, public transportation, public utilities (water and stormwater), golf and general administrative services.

2. Reporting Entity

These financial statements include the City and its component units. The City has considered all potential component units for which it is financially accountable. The criteria to be considered in determining financial accountability have been set forth in the Governmental Accounting Standards Board's (GASB) Statement No. 61. These criteria include (1) substantively the same governing body, (2) the primary government and the component unit have a financial benefit or burden relationship, or (3) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

Blended component units, although legally separate entities are so intertwined with the City that they are, in substance, the same as the City. They have the same governing board and provide services almost entirely to the City. They are reported as funds of the City. These are organizations for which the City is financially accountable, and the relationship with the City is significant enough that exclusions would possibly lead to misleading or incomplete financial statements.

Included in this report are the following blended component units:

The Park City Redevelopment Agency (RDA) was legally created by City ordinance pursuant to the Utah Limited Purpose Local Government Entities-Community Development and Renewal Agencies Act. The City Council is designated as the governing body of the RDA. The City has accountability for all fiscal and operating activities of the RDA. The RDA currently has two special revenue funds and two capital projects funds.

The Park City Municipal Building Authority (MBA) governing board is comprised of the same individuals as the City Council and was created to provide a mechanism for financing City facilities. The MBA acquires and/or builds facilities by borrowing money secured by a lease agreement between the City and the Authority. The MBA currently has a capital projects fund. The bond issuance authorizations are approved by the City Council and the legal liability for those bonds remains with the City.

The Park City Housing Authority (HA) governing board is comprised of the same individuals as the City Council and was created to accumulate funds for construction of affordable housing within the City. The City has accountability for all fiscal and operating activities of the HA.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Park City Water Service District (WSD) governing board is comprised of the same individuals as the City Council and was created to furnish municipal water service within the boundaries of the District. The City has accountability for all fiscal and operating activities of the WSD.

3. Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 for interfund activities. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated except interfund services provided and used by business-type activities, which are not eliminated.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts received or recognized as a receivable at fiscal yearend are included in the financial statements as taxes receivable and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

The Sales Tax Revenue and Refunding Bonds Debt Service Fund and the General Obligation Debt Service Fund are used to account for the accumulation of resources for the payment of sales tax revenue bonded debt and general obligation debt.

The Capital Improvements Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, the Redevelopment Agencies or Municipal Building Authority).

The City reports the following major enterprise funds:

The Water Fund operates the water distribution system for residents of the City.

The Stormwater Fund operates the storm drain system for residents of the City.

The Golf Course Fund accounts for the operations of the City's golf course.

The Transportation and Parking fund accounts for the operations of the City's public transportation (bus and trolley) system and paid parking system.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources that are restricted to expenditures for specific purposes. The City currently has the Lower Park Avenue Redevelopment Agency and the Main Street Redevelopment Agency special revenue funds. These funds account for redevelopment activities that are supported by property tax increment.

Capital Project Funds are used to account for the acquisition or construction of capital projects. The City currently has the Lower Park Avenue Redevelopment Agency, the Main Street Redevelopment Agency, and the Municipal Building Authority capital project funds.

Internal Service Funds are used to account for the central financing of goods or services provided to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage as further explained in Note K – Risk Management.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Custodial Funds are used to account for the assets held by the City as a fiduciary activity. Custodial funds do not involve measurement of results of operations. The City currently has one custodial fund. The Park City Custodial Fund is used to hold deposits and performance bonds.

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

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash, Cash Equivalents and Investments - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B – Cash, Cash Equivalents and Investments). The City complies with GASB 72, *Fair Value Measurement and Application*. The statement requires certain investments to be reported at fair value and the change in fair value to be recognized as an increase or decrease to investment assets and investment income. The City's investment in the State Treasurer's Pool has a fair value approximately equal to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

Capital Assets - Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government included all assets with acquisition dates as far back as June 30, 1980. Most of the City's infrastructure assets were valued at historical cost (when available) or estimated historical cost through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets, donated works of art and similar items are recorded at acquisition value at the date of donation.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Art represents a collection of the City and is therefore not depreciated. Property, plant, equipment and intangible assets of the primary government are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-75
Public domain infrastructure	20-30
System infrastructure	20-30
Vehicles, equipment and intangibles	3-25

Inventories and prepaid items - Inventories of supplies for the proprietary fund types consist principally of items used in repairing and maintaining the water distribution system and transportation equipment. Supplies inventories are valued at cost using the weighted average method. Inventory held for retail sale in the Golf Course Fund is valued at lower-of-cost or market using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Noncurrent Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, noncurrent debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts and gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains and losses on bond refunding are reported as deferred inflows and outflows. Bond issuance costs are expensed in the period in which they are incurred. The unamortized bond premiums/discounts at June 30, 2020 for governmental activities were \$16,287,760 and \$10,117,316 for business-type activities and proprietary funds, respectively. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

Compensated Absences - Accumulated unpaid vacation is accrued based on the years of service of each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. The maximum amount of accumulated accrued vacation hours is determined by the length of service of each employee according to the following schedule:

0 to 5 years	192 hours
5 to 10 years	240 hours
10 plus years	288 hours

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accumulated vacation cannot exceed these limits at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination in good standing, all unpaid vacation that has been accrued, up to the above limits, is paid. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service.

Deferred Outflows of Resources or Deferred Inflows of Resources - In addition to assets, the statement of financial position reports 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 a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the government-wide statement of net position and the proprietary fund statement of net position report deferred outflows of resources related to pensions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has items which qualify for reporting in this category. The governmental funds report unavailable revenue from property taxes and notes receivable. The government-wide statement of net position reports deferred inflows from property taxes, pension related items and deferred gain on refunding of debt. Property taxes are deferred and recognized as an inflow of resources in the following fiscal year to correspond with the period in which the taxes are levied. The deferred gain on refunding resulted from the difference in the carrying value of the refunded debt and its reacquisition price. The proprietary fund statement of net position reports items related to pensions.

Net Position Flow Assumption - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance - Fund balances presented in the governmental fund financial statements represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2020, and classified fund balances into the following five categories:

Nonspendable - Amounts that cannot be spent because they are (1) not in spendable form, such as prepaid items, inventories and long-term receivables for which the payment of proceeds are not restricted or committed with respect to the nature of the specific expenditures of that fund or (2) legally or contractually required to be maintained intact.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Restricted - Amounts that are restricted by external parties such as creditors or imposed by grants, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City has legislative restrictions on amounts collected and reported in the City's various governmental funds. As a result, these restrictions have been classified as restricted for capital projects, debt service and drug and tobacco enforcement.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City's "highest level of decision-making authority", which the City considers to be the Park City Municipal City Council. Commitments may be changed by the government by taking the same action that imposed the constraint initially.

Assigned - Amounts that have been allocated by action of the Park City Municipal City Council through a resolution in which the City's intent is to use the funds for a specific purpose, but that do not meet the criteria to be classified as restricted or committed.

Unassigned - Amounts that constitute the residual balances that have no restrictions placed upon them. If restrictions exceed available resources only deficit amounts are reported in the unassigned category. The general fund is the only fund that reports a positive unassigned balance.

The City reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The City reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The City does not have a minimum fund balance policy. *Utah Code* 10-6-116(4) requires that a minimum fund balance of 5.0 percent of total revenues be maintained in the general fund.

Restricted Assets - Certain proceeds of the City's Water Revenue and Refunding Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the proprietary funds' statement of net position because their use is limited by applicable bond covenants.

Proceeds of the City's 2013A and 2020 Series General Obligation Bonds in the amount of \$6,246,128 are classified as restricted assets as well as impact fees of \$2,267,095 and B and C road funds of \$443,601. Bond proceeds are restricted to acquiring and preserving undeveloped park and recreational land and to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. The "reserve fund" account with a balance at June 30, 2020 of \$12,752 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Proceeds of the City's 2015, 2017 and 2019 Sales Tax Revenue Bonds are classified as restricted assets on the governmental funds balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "construction fund" account with a balance at June 30, 2020 of \$24,821,394 is used to report those proceeds of revenue bond issuances that are restricted for the purpose of financing the cost associated with improvements and acquisition of open space. The "reserve fund" account with a balance at June 30, 2020 of \$477,829 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Water development fees are charged to new customers to pay for the cost of increasing the capacity of the water system to meet the additional demand created by the connection of new customers. The use of water development fees is legally restricted.

6. Budgets

State law requires the City Council to prepare and adopt budgets for all governmental and proprietary funds. The City Manager submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues. Between May 1 and June 30, the City Council reviews and adjusts the City Manager's proposed budget. On or before June 30, a public hearing is held and the budget is legally adopted through passage of an ordinance. Budgets are adopted below individual department levels, but control of budget appropriations is exercised, under state law, at the department level (General Government, Public Safety, Public Works and Library and Recreation).

After the budget is adopted, transfers of any unexpended appropriation amount between line items within a major category are to be initiated and approved by each respective department. Transfers between major categories and between programs within the same department and fund are to be initiated by the respective departments and approved by the City Manager. Transfers between capital improvement projects within the same fund are to be initiated by the individual designated as responsible for the project and approved by the City Manager. Transfers that will result in a total change in the appropriation for a project of more than 20.0 percent or if a project would be eliminated by the transfer must be approved by the City Council. The City Council may reduce or increase the budget of any fund by ordinance during the budget year. The City Council must hold a public hearing to increase a fund's budget before it can pass the ordinance. Utah State law prohibits the appropriation of unassigned general fund balance until it exceeds the sum of 5.0 percent of the budgeted general fund revenues. Until unassigned fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital until tax revenue is received, meet emergency expenditures and cover unanticipated deficits.

When the unassigned fund balance is greater than 25.0 percent of actual revenues, the excess must be appropriated to capital projects determined to be in the best long-term interest of the City. During the year, the General Fund budget was increased by \$631,019 under the guidelines described above. The supplemental appropriation was due to personnel expense increases.

Budgets are prepared on the modified accrual basis of accounting according to accounting principles generally accepted in the United States (GAAP) for governmental funds. Budgets are not prepared for the custodial fund since this fund is comprised only of deposits and performance bonds held by the City. Encumbrance accounting is used by the City.

Each year the capital projects fund adjusted budget is comprised of new appropriations from the current year and unexpended appropriations from the prior year, since unexpended capital projects appropriations do not automatically lapse at yearend. Major capital project fund budgets included \$52,926,956 and non-major capital project fund budgets included \$5,235,110 for a total of \$58,162,066 of prior-year unexpended capital projects appropriations. The adjusted capital projects fund budget represents the amount available for expenditures in the current year. Future projects and appropriations that are to come from funds available in future years are not reflected in the current year budget.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

7. Implementation of New GASB Pronouncements

In November 2016 the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes standards of accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The City adopted GASB No. 83 for the fiscal year ended June 30, 2019. Implementation of this Statement did not have a significant impact on the City's financial statements.

In January 2017 the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for periods beginning after December 15, 2019. The City adopted GASB No. 84 for the fiscal year ended June 30, 2018. Implementation of this Statement did not have a significant impact on the City's financial statements.

In June 2017 the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In March 2018 the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The City adopted GASB No. 88 for the fiscal year ended June 30, 2018. Implementation of this Statement had no effect on the City's financial statements.

In June 2018 the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. The City adopted GASB No. 89 for the fiscal year ended June 30, 2018. Implementation of this Statement did not have a significant impact on the City's financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In August 2018 the GASB issued Statement No. 90, *Majority Equity Interests*. This Statement addresses the reporting of a majority equity interest in a legally separate organization that requires that such majority equity interest be reported as an investment. The requirements of this Statement are effective for periods beginning after December 15, 2019. The City adopted GASB No. 90 for the fiscal year ended June 30, 2018. Implementation of this Statement had no effect on the City's financial statements.

In May, 2019 the GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2021. The City adopted GASB No. 91 for the fiscal year ended June 30, 2019. Implementation of this Statement had no effect on the City's financial statements.

In January 2020, the GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for periods beginning after June 15, 2021. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In March 2020, the GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The requirements of this Statement are effective for periods ending after December 31, 2021. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In March 2020, the GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The requirements of this Statement are effective for periods beginning after June 15, 2022. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In May 2020, the GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective for periods beginning after June 15, 2018. The City adopted GASB No. 95 for the fiscal year ended June 30, 2020. Implementation of this Statement did not have a significant impact on the City's financial statements.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In May 2020, the GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The requirements of this Statement are effective for periods beginning after June 15, 2022. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

In June 2020, the GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for periods beginning after June 15, 2021. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type’s portion of this pool is displayed on the basic financial statements as “cash, cash equivalents and investments”. Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. Investments with original maturities of three months or less meet this definition. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The following is a summary of cash, cash equivalents and investments at June 30, 2020:

	Government-Wide Statement of Net Position			Fiduciary Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Held by city-unrestricted	\$ 71,351,571	\$ 19,792,362	\$ 91,143,933	\$ 3,029,275	\$ 94,173,208
Held by city-restricted	10,856,824	-	10,856,824	-	10,856,824
Total held by city	<u>\$ 82,208,395</u>	<u>\$ 19,792,362</u>	<u>\$ 102,000,757</u>	<u>\$ 3,029,275</u>	<u>\$ 105,030,032</u>
Held by fiscal agent	\$ 25,411,975	\$ 46,517,530	\$ 71,929,505	\$ -	\$ 71,929,505

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

As of June 30, 2020, the City had the following deposits and investments, including \$3,029,275 held in a custodial capacity for others:

Held by city:	Investments maturities		
<u>Investment Type</u>	<u>Fair Value</u>	<u>1 year or less</u>	<u>1-5 years</u>
Debt securities			
Negotiable Certificates of Deposits	\$ 724,067	\$ -	\$ 724,067
Corporate Bonds	4,185,349	1,131,172	3,054,177
	<u>4,909,416</u>	<u>\$ 1,131,172</u>	<u>\$ 3,778,244</u>
Other investments			
State treasurer's investment pool	97,064,669	<u>\$ 97,064,669</u>	
Total investments	<u>101,974,085</u>		
<u>Deposits</u>			
Cash deposits checking-net of outstanding checks	2,318,424		
Cash deposits money market/savings	729,403		
Cash on hand	8,120		
Total deposits	<u>3,055,947</u>		
Total cash, cash equivalents and investments held by city	<u>105,030,032</u>		
Held by fiscal agent:			
State treasurer's investment pool	71,929,505		
Total cash, cash equivalents and investments	<u>\$ 176,959,537</u>		

Deposits – The City follows the requirements of the Utah Money Management Act (the Act) in handling its depository and investment transactions. The Act requires the depositing of the City's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, the City's bank balance of \$2,900,335 was uninsured and uncollateralized.

Investments – The State of Utah Money Management Council has the responsibility to advise the Utah State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (Utah Code, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

The Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified or permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah Public Treasurers’ Investment Fund (PTIF).

The Utah State Treasurer’s Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission as an investment company. The PTIF is authorized and regulated by the Act. The Act established the Money Management Council which oversees the activities of the Utah 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.

Fair Value of Investments: The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2020 the City had the following recurring fair value measurements:

	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Debt securities				
Negotiable Certificate of Deposits	\$ 724,067	\$ 724,067	\$ -	\$ -
Corporate Bonds	4,185,349	4,185,349	-	-
Utah Public Treasurers' Investment Fund	97,064,669	-	97,064,669	-
Total debt securities	<u>\$ 101,974,085</u>	<u>\$ 4,909,416</u>	<u>\$ 97,064,669</u>	<u>\$ -</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Utah Public Treasurers’ Investment Fund classified in Level 2 is valued by application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the Fund.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. Government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the Act, as previously discussed.

At June 30, 2020, the City’s investments had the following quality ratings:

	Fair Value	Quality Ratings		
		AA	A	BBB
<u>Primary government:</u>				
Debt securities				
Negotiable Certificates of Deposits	\$ 724,067	\$ 724,067	\$ -	\$ -
Corporate Bonds	4,185,349	1,150,545	2,552,432	482,372

At the time of purchase, all debt securities were rated the equivalent of “A” or higher by two nationally recognized statistical rating organizations. At year-end, all debt securities were in compliance with the UMMA.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5.0 - 10.0 percent depending upon the total dollar amount held in the portfolio at the time of purchase. None of the City’s investments exceed this limit.

Custodial Credit Risk for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. As of June 30, 2020, the City had \$4,909,416 in U.S. negotiable certificate of deposits and corporate bonds which were held by the counterparty’s trust department or agent but not in the government’s name.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE C – NOTES RECEIVABLE

Notes receivable of the governmental fund types at June 30, 2020 include various affordable housing and employee mortgage assistance loans with interest rates ranging from 0.0 - 5.0 percent. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2020:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 250,225	\$ 872	\$ 251,097
2022	5,493	604	6,097
2023	3,192	368	3,560
2024	3,059	216	3,275
2025	<u>1,417</u>	<u>60</u>	<u>1,477</u>
Total	<u>\$ 263,386</u>	<u>\$ 2,120</u>	<u>\$ 265,506</u>

NOTE D – CAPITAL ASSETS

Depreciation expense was charged to functions for the year ended June 30, 2020 as follows:

Governmental activities:

General government	\$ 3,148,178
Public safety	429,132
Public works	989,751
Library and recreation	<u>1,285,102</u>
Total governmental activities depreciation expense	<u>\$ 5,852,163</u>

Business-type activities:

Water	\$ 3,582,658
Stormwater	157,979
Golf course	212,864
Transportation and parking	<u>3,169,813</u>
Total business-type activities depreciation expense	<u>\$ 7,123,314</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE D – CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019*	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 242,115,989	\$ 4,486,935	\$ (2,877,310)	\$ 243,725,614
Construction in progress	10,273,993	6,797,129	(5,048,468)	12,022,654
Art	780,119	28,270	-	808,389
Total capital assets, not being depreciated	<u>253,170,101</u>	<u>11,312,334</u>	<u>(7,925,778)</u>	<u>256,556,657</u>
Capital assets, being depreciated:				
Buildings	47,313,997	5,198,860	(2,001,365)	50,511,492
Improvements other than building	41,681,469	95,178	-	41,776,647
Vehicles and equipment	14,368,486	2,204,809	(848,603)	15,724,692
Infrastructure	116,443,145	553,535	-	116,996,680
Intangibles	8,827,781	93,478	-	8,921,259
Total capital assets, being depreciated	<u>228,634,878</u>	<u>8,145,860</u>	<u>(2,849,968)</u>	<u>233,930,770</u>
Less accumulated depreciation for:				
Buildings	(16,284,588)	(1,289,940)	14,010	(17,560,518)
Improvements other than building	(22,828,205)	(1,207,787)	-	(24,035,992)
Vehicles and equipment	(9,194,313)	(1,408,136)	834,073	(9,768,376)
Infrastructure	(93,486,831)	(1,942,910)	-	(95,429,741)
Intangibles	(362,028)	(3,390)	-	(365,418)
Total accumulated depreciation	<u>(142,155,965)</u>	<u>(5,852,163)</u>	<u>848,083</u>	<u>(147,160,045)</u>
Total capital assets, being depreciated, net	<u>86,478,913</u>	<u>2,293,697</u>	<u>(2,001,885)</u>	<u>86,770,725</u>
Governmental activities capital assets, net	<u>\$ 339,649,014</u>	<u>\$ 13,606,031</u>	<u>\$ (9,927,663)</u>	<u>\$ 343,327,382</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 22,245,188	\$ 92,000	\$ -	\$ 22,337,188
Construction in progress	17,743,555	22,823,472	(1,062,349)	39,504,678
Art	109,214	-	-	109,214
Total capital assets, not being depreciated	<u>40,097,957</u>	<u>22,915,472</u>	<u>(1,062,349)</u>	<u>61,951,080</u>
Capital assets, being depreciated:				
Right to use asset	-	3,380,984	-	3,380,984
Buildings	26,241,328	-	-	26,241,328
Improvements other than building	112,582,307	2,097,559	-	114,679,866
Vehicles and equipment	36,891,590	225,042	(336,942)	36,779,690
Intangibles	86,455	-	-	86,455
Total capital assets, being depreciated	<u>175,801,680</u>	<u>5,703,585</u>	<u>(336,942)</u>	<u>181,168,323</u>
Less accumulated depreciation for:				
Right to use asset	-	(42,262)	-	(42,262)
Buildings	(7,846,572)	(747,486)	-	(8,594,058)
Improvements other than building	(51,669,888)	(3,160,110)	-	(54,829,998)
Vehicles and equipment	(16,374,785)	(3,169,089)	313,451	(19,230,423)
Intangibles	(66,160)	(4,367)	-	(70,527)
Total accumulated depreciation	<u>(75,957,405)</u>	<u>(7,123,314)</u>	<u>313,451</u>	<u>(82,767,268)</u>
Total capital assets, being depreciated, net	<u>99,844,275</u>	<u>(1,419,729)</u>	<u>(23,491)</u>	<u>98,401,055</u>
Business-type activities capital assets, net	<u>\$ 139,942,232</u>	<u>\$ 21,495,743</u>	<u>\$ (1,085,840)</u>	<u>\$ 160,352,135</u>

*Beginning Balance restated, see Note R.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	Beginning Balance July 1, 2019	Additions	Reductions	Amortization	Ending Balance June 30, 2020	Due Within One Year
Governmental activities:						
General obligation bonds:						
2009 series-principal	\$ 4,580,000	\$ -	\$ (4,580,000)	\$ -	\$ -	\$ -
2009 series-premium/discount	60,874	-	-	(60,874)	-	-
2010B series-principal	2,665,000	-	(2,665,000)	-	-	-
2010B series-premium	34,947	-	-	(34,947)	-	-
2013A series-principal	4,650,000	-	(455,000)	-	4,195,000	465,000
2013A series-premium	55,887	-	-	(6,318)	49,569	-
2017 series-principal	22,155,000	-	(1,335,000)	-	20,820,000	1,385,000
2017 series-premium	2,460,331	-	-	(195,264)	2,265,067	-
2019 series-principal	48,290,000	-	(2,860,000)	-	45,430,000	2,795,000
2019 series-premium	6,680,616	-	-	(457,491)	6,223,125	-
2020 series-principal	-	9,470,000	-	-	9,470,000	1,385,000
2020 series-premium	-	1,298,465	-	(13,049)	1,285,416	-
Total general obligation bonds	91,632,655	10,768,465	(11,895,000)	(767,943)	89,738,177	6,030,000
Revenue bonds:						
Sales tax revenue bonds						
2014A refunding-principal	2,090,000	-	(1,025,000)	-	1,065,000	1,065,000
2014A refunding-premium	150,716	-	-	(76,725)	73,991	-
2014B series-principal	5,375,000	-	-	-	5,375,000	-
2014B series-premium	112,065	-	-	(11,241)	100,824	-
2015 series-principal	9,035,000	-	(680,000)	-	8,355,000	710,000
2015 series-premium	441,236	-	-	(40,222)	401,014	-
2017 series-principal	28,275,000	-	(1,670,000)	-	26,605,000	1,755,000
2017 series-premium	2,930,668	-	-	(225,960)	2,704,708	-
2019 series-principal	26,775,000	-	(1,250,000)	-	25,525,000	1,325,000
2019 series-premium	3,420,405	-	-	(236,359)	3,184,046	-
Total revenue bonds	78,605,090	-	(4,625,000)	(590,507)	73,389,583	4,855,000
Compensated absences	855,210	708,515	(615,524)	-	948,201	705,010
Total governmental activities	\$171,092,955	\$ 11,476,980	\$ (17,135,524)	\$ (1,358,450)	\$164,075,961	\$ 11,590,010

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

	Beginning Balance July 1, 2019	Additions	Reductions	Amortization	Ending Balance June 30, 2020	Due Within One Year
Business-type activities:						
2009A water revenue	\$ 1,375,000	\$ -	\$ (125,000)	\$ -	\$ 1,250,000	\$ 125,000
2009C water revenue	10,135,000	-	(10,135,000)	-	-	-
2010 water revenue	5,815,000	-	(5,815,000)	-	-	-
2010 water revenue-premium	326,666	-	-	(326,666)	-	-
2012 water revenue	2,495,000	-	(280,000)	-	2,215,000	290,000
2012 water revenue-premium	165,816	-	-	(20,812)	145,004	-
2012B water revenue refunding	5,525,000	-	-	-	5,525,000	-
2012B water revenue-premium	69,823	-	-	(8,245)	61,578	-
2013A water revenue refunding	1,735,000	-	(235,000)	-	1,500,000	240,000
2013A water revenue-prem/disc	18,929	-	-	(2,926)	16,003	-
2014 water revenue	4,115,000	-	-	-	4,115,000	-
2014 water revenue-premium	130,255	-	-	(18,695)	111,560	-
2020 water revenue	-	75,515,000	-	-	75,515,000	2,020,000
2020 water revenue-premium	-	9,802,442	-	(19,271)	9,783,171	-
Total revenue bonds	31,906,489	85,317,442	(16,590,000)	(396,615)	100,237,316	2,675,000
Compensated absences	371,848	328,958	(287,844)	-	412,962	287,365
Contract payable	-	3,380,985	(200,000)	-	3,180,985	141,311
Total business-type activities	\$ 32,278,337	\$ 89,027,385	\$ (17,077,844)	\$ (396,615)	\$ 103,831,263	\$ 3,103,676

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At yearend \$59,024 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

The City has complied with all revenue bond covenants.

Redevelopment Agency Capital Projects Funds and Bonds

The City maintains special revenue and capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2020, the tax increment collected by the Main Street Redevelopment Agency was \$298,041 and the tax contributions from other governments were \$997,788. The tax increment collected by the Lower Park Avenue Redevelopment Agency was \$825,911 and the tax contributions from other governments were \$2,765,007. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$226,363 and \$541,725, respectively.

During the fiscal year, the Lower Park Avenue Redevelopment Agency expended \$30,814 for site improvements and \$61,250 for economic development. The Main Street Redevelopment Agency expended \$173 for site improvements, \$32,223 for economic development.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds

On August 28, 2013, the City issued General Obligation Bonds Series 2013A in the par amount of \$7,170,000, a premium of \$92,774 and issuance costs of \$98,614. Pursuant to a special bond election held on November 6, 2007, the proceeds of the bonds were used to acquire, construct, improve and modify pathways, roads and related improvements for use by pedestrians and cyclists. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

On June 6, 2017, the City issued General Obligation Bonds Series 2017 in the amount of \$25,000,000 plus a premium of \$2,863,698 and bond issuance costs of \$155,239 pursuant to a bond election held on November 8, 2016. The proceeds of the bonds were used to acquire, improve and forever preserve open space, park and recreational land located in Bonanza Flats. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

The debt service requirements for the bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2013A Dated August 28, 2013 \$7,170,000 @ 2.00% to 3.25% per annum paid semi- annually (Nov. & May)		Series 2017 Dated June 6, 2017 \$25,000,000 @ 3.00% to 5.00% per annum paid semi- annually (Feb. & Aug.)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2021	\$ 465,000	\$ 120,313	\$ 1,385,000
2022	480,000	109,850	1,440,000	774,350
2023	500,000	97,850	1,500,000	702,350
2024	515,000	84,100	1,560,000	627,350
2025	530,000	69,938	1,625,000	549,350
2026	550,000	54,036	1,685,000	468,100
2027	565,000	37,538	1,755,000	383,850
2028	590,000	19,175	1,825,000	296,100
2029	-	-	1,900,000	241,350
2030	-	-	1,975,000	184,350
2031	-	-	2,055,000	125,100
2032	-	-	2,115,000	63,450
Total	4,195,000	592,800	20,820,000	5,259,300
Plus unamortized premium	49,569	-	2,265,067	-
Total	<u>\$ 4,244,569</u>	<u>\$ 592,800</u>	<u>\$ 23,085,067</u>	<u>\$ 5,259,300</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

On March 5, 2019, the City issued General Obligation Bonds Series 2019 in the par amount of \$48,290,000, a premium of \$6,827,264 and issuance costs of \$215,508. Pursuant to a special bond election held on November 6, 2018, the proceeds of the bonds were used to acquire, improve and forever preserve open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture. Additionally, the bonds currently refunded \$4,290,000 principal of the City’s General Obligation Bonds Series 2008, plus \$67,993 interest. For government-wide reporting, the gain on refunding is reported as a deferred inflow of resources and amortized over the life of the bond. Repayments are made from property tax revenues and recorded in the Park City General Obligation Debt Service Fund.

On May 6, 2020, the City issued General Obligation Bonds Series 2020 in the par amount of \$9,470,000, a premium of \$1,298,465 and issuance costs of \$83,373. Pursuant to a special bond election held on November 6, 2018, the proceeds of the bonds were used to acquire, improve and forever preserve open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture. The 2020 Bonds were the last block of bonds to be issued from the 2018 bond election. Additionally, the bonds currently refunded \$3,730,000 and \$2,255,000 principal of the City’s General Obligation Bonds Series 2009 and Series 2010B, respectively, plus \$1,991 and 1,562 interest, respectively. For government-wide reporting, the gain on refunding is reported as a deferred inflow of resources and amortized over the life of the bond. Repayments are made from property tax revenues and recorded in the Park City General Obligation Debt Service Fund.

The debt service requirements for the bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2019 Dated March 5, 2019 \$48,290,000 @ 3.00% to 5.00% per annum paid semiannually (February and August)		Series 2020 Dated May 6, 2020 \$9,470,000 @ 2.125% to 5.00% per annum paid semiannually (May and November)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2021	\$ 2,795,000	\$ 2,081,900	\$ 1,385,000
2022	2,945,000	1,942,150	1,435,000	371,337
2023	3,090,000	1,794,900	1,500,000	299,588
2024	3,245,000	1,640,400	1,570,000	224,587
2025	3,405,000	1,478,150	615,000	146,088
2026	2,730,000	1,307,900	240,000	115,337
2027	2,870,000	1,171,400	250,000	103,338
2028	3,015,000	1,027,900	265,000	90,837
2029	3,165,000	877,150	275,000	77,588
2030	3,320,000	718,900	290,000	63,837
2031	3,490,000	552,900	305,000	49,338
2032	3,625,000	413,300	320,000	37,137
2033	3,810,000	232,050	330,000	27,538
2034	3,925,000	117,750	340,000	17,637
2035	-	-	350,000	7,445
Total	45,430,000	15,356,750	9,470,000	2,066,100
Plus unamortized premium	6,223,125	-	1,285,416	-
Total	<u>\$ 51,653,125</u>	<u>\$ 15,356,750</u>	<u>\$ 10,755,416</u>	<u>\$ 2,066,100</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Defeasance of Debt

On May 6, 2020 the City issued \$9,470,000 in General Obligation Bonds Series 2020 with an interest rate of 2.125 to 5.00 percent. A portion of bond proceeds and premium were used for a current refunding of \$3,730,000 and \$2,255,000 of outstanding General Obligation Bonds Series 2009 and 2010B, respectively with an interest rate of 3.00 to 4.00 percent and 1.10 to 5.25 percent, respectively. An aggregate amount of \$3,779,083 (representing \$3,408,835 of proceeds together with a premium of \$370,248) currently refunded the General Obligation Bonds Series 2009 and an aggregate amount of \$2,185,037 (representing \$2,061,165 proceeds with a premium of \$223,872) currently refunded the General Obligation Bonds Series 2010B. In addition, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) to the City of approximately \$363,074. The refunding also decreased the City’s total debt service payments over the next five years by approximately \$382,297. For government-wide reporting the reacquisition price of the Series 2020 bonds was less than the net carrying amount of the 2009 and 2010B Series bonds resulting in a gain on refunding of \$48,313 and \$28,970, respectively. The gain on refunding was recorded as a deferred inflow of resources and amortized over the remaining four-year and five-year life of the debt.

Sales Tax Revenue and Refunding Bonds

On September 11, 2014, the City issued Sales Tax Revenue Refunding Bonds, Series 2014A in the amount of \$6,725,000 plus a premium of \$518,996. The proceeds from the Series 2014A Revenue Refunding Bonds plus \$67,358 of City funds were used to refund \$7,130,000 of the Sales Tax Revenue Bonds Series 2005A, plus \$71,574 interest. For government-wide reporting, the gain on refunding is reported as a deferred inflow of resources and amortized over the life of the bond.

On September 11, 2014, the City issued Sales Tax Revenue Bonds, Series 2014B in the amount of \$5,375,000 plus a premium of \$166,022. The proceeds from the sale of the Series 2014B Sales Tax Revenue Bonds were used for the purpose of financing the cost associated with improvements and acquisition of open space.

The debt service requirements for the bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2014A Dated September 11, 2014 \$6,725,000 @ 2.00% to 4.00% per annum paid semiannually (June and December)		Series 2014B Dated September 11, 2014 \$5,375,000 @ 3.00% to 3.25% per annum paid semiannually (June and December)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2021	\$ 1,065,000	\$ 21,300	\$ -
2022	-	-	605,000	164,912
2023	-	-	625,000	146,763
2024	-	-	640,000	128,013
2025	-	-	660,000	108,813
2026	-	-	680,000	89,013
2027	-	-	700,000	68,613
2028	-	-	720,000	47,612
2029	-	-	745,000	24,212
Total	1,065,000	21,300	5,375,000	942,863
Plus unamortized premium	73,991	-	100,824	-
Total	\$ 1,138,991	\$ 21,300	\$ 5,475,824	\$ 942,863

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds, Continued

On May 12, 2015, the City issued Sales Tax Revenue Bonds, Series 2015 in the amount of \$11,600,000 plus a premium of \$607,524. The proceeds from the sale of the bonds were used for the purpose of financing the cost associated with improvements and acquisition of open space.

On November 11, 2017, the City issued Sales Tax Revenue Bonds, Series 2017 in the amount of \$31,940,000 plus a premium of \$3,287,871. The proceeds from the sale of the bonds were used for the purpose of financing the acquisition and construction of affordable housing units; land acquisition; parking, plaza and walkway improvements; road improvements; open space acquisition; and parks and community center improvements.

The debt service requirements for the bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2015 Dated May 12, 2015 \$11,600,000 @ 2.00% to 4.00% per annum paid semiannually (June and December)		Series 2017 Dated November 11, 2017 \$31,940,000 @ 2.85% to 5.00% per annum paid semiannually (June and December)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2021	\$ 710,000	\$ 292,925	\$ 1,755,000
2022	735,000	264,525	1,780,000	989,527
2023	765,000	235,125	1,870,000	900,527
2024	795,000	204,525	1,965,000	807,028
2025	820,000	180,675	2,060,000	708,778
2026	845,000	156,075	2,165,000	605,777
2027	880,000	122,275	2,275,000	497,528
2028	905,000	95,875	2,385,000	383,777
2029	930,000	68,725	2,480,000	288,378
2030	970,000	31,525	2,555,000	213,977
2031	-	-	2,620,000	147,548
2032	-	-	2,695,000	76,807
Total	8,355,000	1,652,250	26,605,000	6,635,505
Plus unamortized premium	401,014	-	2,704,708	-
Total	<u>\$ 8,756,014</u>	<u>\$ 1,652,250</u>	<u>\$ 29,309,708</u>	<u>\$ 6,635,505</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds, Continued

On February 21, 2019 the City issued Sales Tax Revenue Bonds, Series 2019 in the amount of \$26,775,000 plus a premium of \$3,495,522. The proceeds from the sale of the bonds were used for the purpose of financing a portion of the cost of a revolving program of acquiring and constructing affordable housing units, parking and plaza improvements, road improvements, open space acquisition, and park, recreation and community center improvements.

The debt service requirements for the bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2019 Dated February 21, 2019 \$26,775,000 @ 3.00% to 5.00% per annum paid semiannually (June and December)	
	PRINCIPAL	INTEREST
2021	\$ 1,325,000	\$ 1,081,375
2022	1,400,000	1,013,250
2023	1,475,000	941,375
2024	1,550,000	865,750
2025	1,600,000	811,000
2026	1,650,000	753,750
2027	1,750,000	668,750
2028	1,825,000	579,375
2029	1,925,000	485,625
2030	2,025,000	386,875
2031	2,125,000	293,750
2032	2,200,000	207,250
2033	2,300,000	117,250
2034	2,375,000	35,625
Total	25,525,000	8,241,000
Plus unamortized premium	3,184,046	-
Total	\$ 28,709,046	\$ 8,241,000

The Series 2014A, 2014B, 2015, 2017 and 2019 Bonds are special limited obligations of the City, payable solely from and secured solely by a pledge of revenues from (1) 100 percent of the revenues received by the City from the local sales and use tax levied by the City pursuant to the Utah Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code and (2) 100 percent of the revenues received by the City from the resort communities tax levied by the City pursuant to Title 59, Chapter 12, Part 4 of the Utah Code. The bonds do not constitute a pledge of the ad valorem taxing power or the full faith and credit of the City.

The Series 2017 and 2019 Bonds are additionally payable solely from and secured solely by a pledge of revenues from 100 percent of the revenues received by the City from the municipal transient room tax levied by the City pursuant to Title 59, Chapter 12, Part 3A, Utah Code.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds

On December 14, 2012, the City issued the par amount of \$5,525,000 in Water Revenue and Refunding Bonds Series 2012B plus a premium of \$123,766. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$390,000 principal of outstanding Water Revenue Bonds Series 2006 plus interest of \$5,650. New money in the amount of \$4,600,000 was received to finance the construction of culinary water system improvements. The bonds incurred bond issuance costs of \$100,848, which were recognized as an expense in the period incurred. Repayments on the debt are made from the net revenues of the Water Fund.

On February 21, 2013, the City issued the par amount of \$3,045,000 in Water Revenue and Refunding Bonds Series 2013 A and B plus a premium of \$37,518. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$3,029,000 principal of outstanding Water Revenue Bonds Series 2006 plus interest of \$63,609. The bonds incurred bond issue costs of \$74,516, which were recognized as an expense in the period incurred. Repayments on the debt are made from the net revenues of the Water Fund.

The debt service requirements for the water refunding bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2012B Dated December 14, 2012 \$5,525,000 @ 2.25% per annum paid semiannually (June and December)		Series 2013A Dated February 21, 2013 \$3,045,000 @ 2.00% per annum paid semiannually (June and December)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2021	\$ -	\$ 124,312	\$ 240,000
2022	-	124,313	245,000	22,750
2023	-	124,312	245,000	17,850
2024	-	124,313	250,000	12,900
2025	-	124,312	255,000	7,850
2026	-	124,313	265,000	2,650
2027	2,525,000	95,906	-	-
2028	3,000,000	33,750	-	-
Total	5,525,000	875,531	1,500,000	91,600
Plus unamortized premium/discount	61,578	-	16,003	-
Total	\$ 5,586,578	\$ 875,531	\$ 1,516,003	\$ 91,600

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds, Continued

On June 16, 2020, the City issued the par amount of \$75,515,000 in Water Revenue Bonds Series 2020 plus a premium of \$9,802,442. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$8,235,000 and \$4,945,000 of outstanding Water Revenue Bonds Series 2009C and 2010, respectively plus interest of \$225,484 and \$99,449, respectively. New money in the amount of \$66,620,000 was received to finance construction of water system infrastructure. The bonds incurred bond issue costs of \$333,785, which were recognized as an expense in the period incurred. Repayments on the debt are made from net revenues of the Water Fund.

The debt service requirements for these bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2020 Dated June 16, 2020 \$75,515,000 @ 2.125% to 5.00% per annum paid semiannually (June and December)	
	PRINCIPAL	INTEREST
	2021	\$ 2,020,000
2022	2,125,000	2,425,469
2023	2,250,000	2,316,094
2024	2,325,000	2,201,719
2025	175,000	2,139,219
2026	-	2,134,844
2027	1,945,000	2,086,219
2028	2,000,000	1,987,594
2029	4,250,000	1,831,344
2030	4,475,000	1,612,219
2031	4,700,000	1,383,844
2032	4,875,000	1,193,219
2033	5,025,000	1,044,719
2034	5,175,000	891,719
2035	5,350,000	733,844
2036	5,500,000	571,094
2037	5,650,000	432,094
2038	5,775,000	314,234
2039	5,875,000	190,453
2040	6,025,000	64,025
Total	75,515,000	28,075,891
Plus unamortized premium	9,783,171	-
Total	\$ 85,298,171	\$ 28,075,891

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Defeasance of Debt

On June 16, 2020 the City issued \$75,515,000 in Water Revenue and Refunding Bonds Series 2020 with an interest rate of 2.125 to 5.00 percent. The bond proceeds were used for a current refunding of \$8,235,000 and \$4,945,000 of outstanding Water Revenue Bonds Series 2009C and 2010, respectively with an interest rate of 4.70 to 5.25 percent and 2.00 to 4.00 percent, respectively. An aggregate amount of \$8,279,850 (representing \$5,385,915 of proceeds together with a premium of \$537,781 and debt reserve funds of \$2,356,154) currently refunded the Water Revenue Bond Series 2009C and an aggregate amount of \$4,974,011 (representing \$3,509,086 of proceeds with a premium of \$350,380 and debt reserve funds of \$1,114,545) currently refunded the Water Revenue Bond Series 2010. In addition, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) to the City of approximately \$4,324,300. The refunding also decreased the City's total debt service payments over the next five years by approximately \$4,581,097. For government-wide reporting the reacquisition price of the Series 2020 bonds was less than the net carrying amount of the 2010 Series bonds resulting in a gain on refunding of \$266,960. The gain on refunding was recorded as a deferred inflow of resources and amortized over the remaining five-year life of the refunded debt.

Water Revenue Bonds

On May 31, 2012, the City issued the par amount of \$4,160,000 in Water Revenue Bonds Series 2012 plus a premium of \$313,211 to finance the construction of water system infrastructure. The premium was deferred and amortized over the life of the bond on an effective interest basis. Repayments on the debt are made from net revenues of the Water Fund.

On June 25, 2014, the City issued the par amount of \$4,115,000 in Water Revenue Bonds Series 2014 plus a premium of \$223,986 to finance construction of water system infrastructure. The premium was deferred and amortized over the life of the bond on an effective interest basis. The bonds incurred bond issue costs of \$93,218, which were recognized as an expense in the period incurred. Repayments on the debt are made from net revenues of the Water Fund.

The debt service requirements for these bonds at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	Series 2012 Dated May 31, 2012 \$4,160,000 @ 2.00% to 4.00% per annum paid semiannually (June and December)		Series 2014 Dated June 25, 2014 \$4,115,000 @ 3.25% per annum paid semiannually (June and December)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2021	\$ 290,000	\$ 69,850	\$ -
2022	300,000	61,150	-	133,738
2023	310,000	52,150	-	133,738
2024	315,000	42,850	-	133,738
2025	325,000	33,400	2,350,000	133,738
2026	335,000	23,650	1,765,000	57,362
2027	340,000	13,600	-	-
Total	2,215,000	296,650	4,115,000	726,051
Plus unamortized premium	145,004	-	111,560	-
Total	\$ 2,360,004	\$ 296,650	\$ 4,226,560	\$ 726,051

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds, Continued

On July 14, 2009, the City issued the par amount of \$2,500,000 in Taxable Water Revenue Bonds Series 2009A to finance the construction of drinking water system improvements. The bonds bear no interest and the principal payment of \$125,000 is paid annually beginning July 15, 2010 and ending July 15, 2029. Repayments on the debt are made from the net revenues of the Water Fund. The outstanding balance at June 30, 2020 is \$1,375,000.

Annual Debt Service

The annual debt service requirements for all long-term debt outstanding as of June 30, 2020 by activity are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities
	General Obligation Bonds	Revenue Bonds	
Principal			
2021	\$ 6,030,000	\$ 4,855,000	\$ 2,675,000
2022	6,300,000	4,520,000	2,795,000
2023	6,590,000	4,735,000	2,930,000
2024	6,890,000	4,950,000	3,015,000
2025	6,175,000	5,140,000	3,230,000
2026-2030	27,265,000	28,410,000	21,525,000
2031-2035	20,665,000	14,315,000	25,125,000
2036-2040	-	-	28,825,000
Total	79,915,000	66,925,000	90,120,000
Plus unamortized premium/discount			
Total	9,823,177	6,464,583	10,117,316
Total	<u>\$ 89,738,177</u>	<u>\$ 73,389,583</u>	<u>\$ 100,237,316</u>
Interest			
2021	\$ 3,480,281	\$ 2,576,365	\$ 2,877,427
2022	3,197,688	2,432,215	2,767,420
2023	2,894,688	2,223,791	2,644,144
2024	2,576,438	2,005,316	2,515,520
2025	2,243,526	1,809,266	2,438,519
2026-2030	7,238,686	5,567,738	10,004,450
2031-2035	1,643,635	878,227	5,247,343
2036-2040	-	-	1,571,891
Total	<u>\$ 23,274,942</u>	<u>\$ 17,492,918</u>	<u>\$ 30,066,714</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE E – LONG-TERM OBLIGATIONS, Continued

Other Debt

The City entered into an agreement with Weber Basin Water Conservancy District for the right to share in the existing capacity in the East Canyon Water Treatment Plan and Highway 40 System. In return, the City agreed to make an annual payment of \$200,000 per year beginning January 1, 2020 through January 1, 2039. The contract payable has an effective interest rate of 1.8 percent per annum. The debt service requirements for the contracts payable at June 30, 2020 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2021	\$ 141,311	\$ 58,689
2022	143,918	56,082
2023	146,573	53,427
2024	149,278	50,722
2025	152,032	47,968
2026	154,837	45,163
2027	157,693	42,307
2028	160,603	39,397
2029	163,566	36,434
2030	166,584	33,416
2031	169,657	30,343
2032	172,788	27,212
2033	175,975	24,024
2034	179,222	20,778
2035	182,529	17,471
2036	185,897	14,104
2037	189,326	10,674
2038	192,819	7,181
2039	196,377	3,623
Total	<u>\$ 3,180,985</u>	<u>\$ 619,015</u>

NOTE F – RETIREMENT PLANS

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems (Systems). The Systems are comprised of the following pension trust funds:

Defined Benefit Plans

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

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

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

Benefits provided: The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.00% per year all years	Up to 4.00%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4.00%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.50% per year up to 20 years; 2.00% per year over 20 years	Up to 2.50% or 4.00% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year to June 2020; 2.00% per year July 2020 to present	Up to 2.50%

* Actuarial reductions are applied.

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

Contribution Rate Summary

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

Contribution rates as of June 30, 2020 are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2*	N/A	15.66	1.03
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety*	N/A	23.13	0.70
Noncontributory			
43 Other Div A with 2.50% COLA	N/A	34.04	N/A
Tier 2 Defined Contribution Only*			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	11.83	12.00

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

For the fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,279,250	\$ N/A
Contributory System	98,228	40,759
Public Safety System	741,934	-
Tier 2 Public Employees Systems	1,568,428	-
Tier 2 Public Safety and Firefighter	53,529	-
Tier 2 DC Only System	108,323	N/A
Tier 2 DC Public Safety and Firefighter System	9,069	N/A
Total Contributions	<u>\$ 3,858,761</u>	<u>\$ 40,759</u>

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

At June 30, 2020, the City reported no net pension asset and a net pension liability of \$7,174,185.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 4,505,576	1.1954718 %	1.2132077 %	(0.0177359) %
Contributory System	-	288,055	4.3953469	4.4140715	(0.0187246)
Public Safety System	-	2,212,323	1.3778642	1.3792220	(0.0013578)
Firefighters System	-	-	-	-	-
Judges Retirement System	-	-	-	-	-
Governors & Legislators Plan	-	-	-	-	-
Tier 2 Public Employees	-	156,336	0.6951133	0.6795699	0.0155434
Tier 2 Public Safety and Firefighter	-	11,895	0.1264583	0.1535009	(0.0270426)
	\$ -	\$ 7,174,185			

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$4,223,435. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 495,601	\$ 165,616
Changes in assumptions	622,259	4,600
Net difference between projected and actual earnings on pension plan investments	-	3,876,114
Changes in proportion and differences between contributions and proportionate share of contributions	289,614	109,007
Contributions subsequent to the measurement date	1,907,942	-
	\$ 3,315,416	\$ 4,155,337

\$1,907,942 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2019.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (586,534)
2021	(909,454)
2022	79,643
2023	(1,453,484)
2024	17,306
Thereafter	104,661

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$2,345,231. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 409,835	\$ 64,719
Changes in assumptions	477,193	-
Net difference between projected and actual earnings on pension plan investments	-	2,278,510
Changes in proportion and differences between contributions and proportionate share of contributions	144,304	88,394
Contributions subsequent to the measurement date	609,088	-
	\$ 1,640,420	\$ 2,431,623

\$609,088 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2019.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (105,481)
2021	(484,245)
2022	55,684
2023	(866,250)
2024	-
Thereafter	-

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$(81,545). The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	719,068
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	44,776	-
	\$ 44,776	\$ 719,068

\$44,776 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2019.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (254,504)
2021	(209,470)
2022	13,173
2023	(268,267)
2024	-
Thereafter	-

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$1,044,710. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,475	\$ 47,239
Changes in assumptions	75,486	-
Net difference between projected and actual earnings on pension plan investments	-	755,437
Changes in proportion and differences between contributions and proportionate share of contributions	12,731	20,613
Contributions subsequent to the measurement date	373,184	-
	\$ 499,876	\$ 823,289

\$373,184 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2019.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (210,646)
2021	(202,225)
2022	3,317
2023	(287,042)
2024	-
Thereafter	-

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$879,243. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,735	\$ 53,654
Changes in assumptions	66,755	4,493
Net difference between projected and actual earnings on pension plan investments	-	120,175
Changes in proportion and differences between contributions and proportionate share of contributions	120,180	-
Contributions subsequent to the measurement date	847,422	-
	\$ 1,078,092	\$ 178,322

\$847,422 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2019.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (16,357)
2021	(14,018)
2022	6,514
2023	(32,002)
2024	16,078
Thereafter	92,133

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$35,797. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,556	\$ 4
Changes in assumptions	2,825	107
Net difference between projected and actual earnings on pension plan investments	-	2,924
Changes in proportion and differences between contributions and proportionate share of contributions	12,399	-
Contributions subsequent to the measurement date	33,472	-
	\$ 52,252	\$ 3,035

\$33,472 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal yearend, but subsequent to the measurement date of December 31, 2019.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ 454
2021	504
2022	955
2023	77
2024	1,228
Thereafter	12,528

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries. The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.000 %	6.15 %	2.46 %
Debt securities	20.000	0.40	0.08
Real assets	15.000	5.75	0.86
Private equity	9.000	9.95	0.89
Absolute return	16.000	2.85	0.46
Cash and cash equivalents	-	-	-
Totals	100.00 %		4.75 %
Inflation			2.50 %
Expected arithmetic nominal return			7.25 %

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent, a real return of 4.45 percent that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.95 percent) or 1 percentage point higher (7.95 percent) than the current rate:

System	1% Decrease or 5.95%	Discount Rate of 6.95%	1% Increase or 7.95%
Noncontributory System	\$ 14,072,484	\$ 4,505,576	\$ (3,473,125)
Contributory System	2,248,780	288,055	(1,365,334)
Public Safety System	5,730,775	2,212,323	(647,097)
Tier 2 Public Employees System	1,348,156	156,336	(764,721)
Tier 2 Public Safety and Firefighter System	42,021	11,895	(10,468)
Total	\$ 23,442,216	\$ 7,174,185	\$ (6,260,745)

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

Defined Contribution Savings Plans

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

The City participates in the following Defined Contribution Savings Plans with the Systems:

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE F – RETIREMENT PLANS, Continued

Employee and employer contributions to the Systems Defined Contribution Savings Plans for fiscal year ended June 30, 2020 were as follows:

	2020	2019	2018
401(k) Plan			
Employer Contributions	\$ 338,323	\$ 298,209	\$ 272,906
Employee Contributions	-	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	13,595	15,920	16,770
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	-	-	50

NOTE G - DEFINED CONTRIBUTION PLANS

Section 401(a) defined contribution money purchase plan

The City sponsors a defined contribution plan under Internal Revenue Code Section 401(a) for all full-time City employees not covered by the Public Safety Retirement System for employers with Social Security coverage.

The ICMA Retirement Corporation (ICMA) administers this plan. The City's total payroll in the fiscal year ended June 30, 2020 was \$27,784,720. Of that amount, \$5,206,431 was eligible to participate in this plan. The City participated at a rate of 0.50 percent, under City resolution for the year ended June 30, 2020 for employees covered by the State Contributory System retirement plan, 0.50 percent for employees covered by the State Noncontributory System retirement plan, and 18.47 percent under State Statue for a limited number of employees that are exempt from the State plan. During the year ended June 30, 2020 contributions totaling \$31,775 or 0.61 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the City's financial statements.

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2020 was \$27,784,720 and the City's covered payroll eligible for this plan totaled \$20,359,134. The City participates in employer benefits of \$46.15 per pay period for those employees who have chosen single health insurance coverage and match the employees' voluntary contribution amount at fifty cents on the dollar to a maximum contribution of \$900. Contributions totaling \$371,200 or 1.82 percent of covered payroll were made by the City and voluntary contributions totaling \$815,193 or 4.00 percent of covered payroll were made by employees. All contributions were made by the due dates.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE G - DEFINED CONTRIBUTION PLANS, Continued

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries, except that expenses and taxes may be paid from the Trust. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair value of the deferred account for each participant. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Investments are managed by the plan's administrator under one of seven investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. All of the assets and income of the 457 Plan are held in investment fund trusts by ICMA for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. As ICMA is the fiduciary of these assets, the City is no longer required to report the assets.

Loans or notes between the City and the defined contribution plans

There are no securities, loans or notes of the City included in the plans' assets.

NOTE H - COMMITMENTS AND CONTINGENCIES

There are several pending lawsuits in which the City is involved. The City Attorney estimates the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial position of the City.

Commitments for major construction and capital improvements projects at June 30, 2020 are as follows:

Capital Projects Funds	\$ 1,663,142
Enterprise Funds	\$94,505,163

NOTE I - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2020. They consist of the following:

State of Utah Class "C" road allotments	\$ 537,192
State contributions	281,433
County contributions	4,563,319
Federal contributions	5,948,239
Fire District	425,187
School District	2,612,667
Total	<u>\$ 14,368,037</u>

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE J – INTERFUND LOANS

Due to cash flow needs of the Golf Course Fund to purchase new golf carts, the sum of \$125,000 was advanced from the General Fund on April 1, 2017. The advance bears interest at 1.75 percent paid monthly for forty-eight months. The annual repayment requirement for the advance at June 30, 2020 was principal of \$24,107 and interest of \$176 due June 30, 2021.

NOTE K – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1989, the City established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$250,000 per occurrence for general liability, automobile and errors and omissions. The City purchases commercial insurance for claims in excess of coverage provided by the Self-Insurance Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Liabilities are recorded for any claim or judgment when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Unpaid claims as of June 30, 2018	36,595
Incurring claims	292,073
Claim payments	<u>(263,311)</u>
Unpaid claims as of June 30, 2019	65,357
Incurring claims	347,522
Claim payments	<u>(91,404)</u>
Unpaid claims as of June 30, 2020	<u><u>\$ 321,475</u></u>

NOTE L – BUDGET RECONCILIATION

A reconciliation of the original 2019-2020 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2020 is as follows:

	Original Budget	Increase (Decrease)	Budget as Revised
General Fund:			
Revenues	\$ 36,921,008	\$ (2,979,492)	\$ 33,941,516
Expenditures	36,993,400	631,019	37,624,419
Special Revenue Funds:			
Revenues	\$ 4,142,000	\$ 2,005,000	\$ 6,147,000
Expenditures	1,163,968	-	1,163,968
Debt Service Funds:			
Revenues	\$ 6,082,341	\$ 3,248,563	\$ 9,330,904
Expenditures	10,344,900	13,393,634	23,738,534
Capital Projects Funds:			
Revenues	\$ 13,174,694	\$ 2,335,508	\$ 15,510,202
Expenditures	50,324,294	29,551,397	79,875,691

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE M – INTERFUND TRANSFERS

Fund Financial Statements

Transfers were made to and from several funds during the course of the year ended June 30, 2020. An interfund transfer is a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds and another fund is responsible for the actual disbursement. The General Fund transferred \$1,285,600 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. The Redevelopment Agency funds for Main Street and Lower Park transferred \$4,282,532 to the Special Revenue funds for capital expenditures. Several funds transferred a total of \$7,419,316 to the Sales Tax Revenue Bond Debt Service Fund to support principal and interest payments on debt. The Sales Tax Revenue Bond Debt Service Fund transferred \$217,039 of net bond proceeds to the Capital Improvements Fund for construction project costs. The General Obligation Bond Debt Service Fund transferred \$4,651,693 of net bond proceeds to the Capital Improvements Fund for capital project costs. The General Fund transferred \$25,000 to the Golf Course Fund for administrative costs. Transfers to the General Fund were comprised of: \$1,541,405 from the Water Fund, \$100,000 from the Stormwater Fund, \$977,397 from the Transportation and Parking Fund and \$106,045 from the Golf Course Fund for administrative expenses for the year ended June 30, 2020.

		Transfers into:							
		Governmental Activities			Business- Type Activities				
		Major Funds							
		Capital Improvement Fund		Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund			
<u>Transfers out from:</u>		General Fund					Total		
Governmental activities									
Major funds:									
General fund	\$	-	\$	-	\$ 162,477	\$ 1,285,600	\$ 25,000	\$	1,473,077
Capital improvement fund		-		-	3,682,118	-	-	-	3,682,118
Sales tax rev & refund - DSF		-	217,039		-	-	-	-	217,039
General obligation - DSF		-	4,651,693		-	-	-	-	4,651,693
Nonmajor funds:									
Other funds		-	-	3,574,721	4,282,532	-	-	-	7,857,253
Business-type activities									
Water fund		1,541,405		-	-	-	-	-	1,541,405
Stormwater fund		100,000		-	-	-	-	-	100,000
Transportation and parking		977,397		-	-	-	-	-	977,397
Golf course fund		106,045		-	-	-	-	-	106,045
Total		\$ 2,724,847	\$ 4,868,732	\$ 7,419,316	\$ 5,568,132	\$ 25,000	\$	\$	20,606,027

Government-Wide Financial Statements

Per GASB Statement No. 34, all interfund transfers within governmental activities and business-type activities are eliminated.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE N - TAXES

Before June 15 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. All property taxes levied by the City are assessed and collected by Summit and Wasatch Counties. Property taxes are levied on January 1 on real property values assessed as of the same date. Taxes are due November 30 and delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 of the following year, a lien is attached to the property and the amount of taxes and penalties bear interest from January 1 until paid.

If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales and resort taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise taxes are collected by the telephone, natural gas, electric utilities, cable television and sewer companies and remitted to the City periodically.

NOTE O – UNAVAILABLE REVENUE

Fund Financial Statements

At June 30, 2020, the following unavailable revenues were recorded in the fund financial statements as deferred inflows of resources because the funds were not available to finance expenditures of the current period.

	General	Debt Service - Park City General Obligation	Capital Projects - Capital Improvement Fund	Other Governmental Funds	Total
Miscellaneous loans/ receivable	\$ 24,107	\$ -	\$ 263,386	\$ -	\$ 287,493
Property tax levied- not yet collected	10,303,762	9,518,281	-	4,881,608	24,703,651
	<u>\$ 10,327,869</u>	<u>\$ 9,518,281</u>	<u>\$ 263,386</u>	<u>\$ 4,881,608</u>	<u>\$ 24,991,144</u>

NOTE P – CONDUIT DEBT

On May 29, 2015, the City issued \$18,885,000 of 2015 Industrial Revenue Refunding Bonds on behalf of the United States Ski and Snowboard Association (USSA), a nonprofit corporation. The bonds refunded \$18,695,000 of the 2007 Multi-Mode Variable Rate Revenue Bonds issued on December 18, 2007, on behalf of USSA. The bonds bear interest at a variable rate and mature June 1, 2040. The bonds were used to partially finance the construction of The USSA Center of Excellence, an athletic training and office facility located in Park City. The bonds are secured by a pledge of revenues under the Bond Indenture. Neither the City’s General Fund nor the full faith and credit of the City are pledged for the payment of principal or interest on the bonds. Since the bonds do not constitute a debt of the City, they are not reported in the accompanying financial statements. The principal balance of outstanding bonds was \$16,017,259 at June 30, 2020.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE Q – POLLUTION REMEDIATION

GAAP addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. GASB 49 identifies the obligating events, which require the City to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

The Environmental Protection Agency (USEPA) and UDEQ have been investigating and evaluating mine sites within the Park City area since the early 1980's. In 1988, pursuant to approval of USEPA, Park City Municipal Corporation enacted the Landscaping and Maintenance of Soil Cover Ordinance for lots within the City limits. In general, the landscaping and soil maintenance cover requirements mandated a 6-inch clean top soil cap in order to contain the underlying mine related material. The general objective of these measures was to isolate potentially contaminated material from the surface and minimize direct contact. On April 30, 2004, the City implemented an Environmental Management System (EMS) to further strengthen the Soils Ordinance Program on a long-term basis. The EMS Soils Ordinance Boundary contains pollution remediation obligations of Park City Municipal Corporation pursuant to this local ordinance, which is an obligating event pursuant to GASB 49. The City plans to conduct remediation of 48 acres of land in accordance with the Utah Department of Environmental Quality Clean-up Program. The estimated cost to remediate these 48 acres is \$1,272,000 and is recorded as a liability of the City. The estimate of \$1,272,000 is measured at current value using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This technique uses all expectations about possible cash flows. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

NOTE R – RESTATEMENTS

The City has recorded an adjustment to correct a capital asset outlay in the Capital Improvement Fund that was misclassified in the prior period. The adjustment results in a restatement of beginning fund balance in the Capital improvement Fund as follows:

Beginning fund balance as previously reported	\$	47,676,665
Prior period adjustment		2,000,000
Beginning fund balance as restated	\$	49,676,665

NOTE S – OTHER INFORMATION

Covid-19 and CARES Act

In late January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 pandemic) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. In addition, on March 6, 2020, the Governor of Utah declared a state of emergency to protect and preserve public health and safety. On March 16, 2020, the Utah Department of Health issued a public health emergency and limited operations of some services and businesses.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO BASIC FINANCIAL STATEMENTS, continued
JUNE 30, 2020

NOTE S – OTHER INFORMATION, Continued

Covid-19 and CARES Act, Continued

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. The City's management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for fiscal year 2021 and future years.

In subsequent months, the administrations of the City and the State of Utah extended emergency declarations and refined emergency orders to allow for a measured expansion of economic and social activities within the City and the State. Previously closed municipal facilities, businesses, recreational, cultural, and civic facilities have reopened with some restrictions and new measures designed to preserve the health of patrons and the public.

The City was deliberate in revising projections between the Tentative and Final Budgets filed with the State of Utah for fiscal year 2021. The City quickly activated its recession plan during the fiscal year 2021 budget cycle to impose a series of stringent expenditure reductions. The revised projections took the following into consideration:

Sales Tax – The City projects a 43.0 percent sales tax shortfall for fiscal year 2021, with significant impacts coming from anticipated reductions in winter air travel and consumer spending due to COVID-19. This updated General Fund projection results in a shortfall of nearly \$550,000 compared to the fiscal 2021 Original Budget. In order to bridge the shortfall during the last budget cycle, a balanced approach between operating cuts, capital deferment, and fund balance utilization was employed. However, since the General Fund was able to add an additional \$1.3 million sales tax revenue in the first quarter of fiscal year 2021 that outpaced estimates, the shortfall is not necessarily an immediate operational concern.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments. To date, the City has been awarded \$3.4 million in CARES Act funds passed through the State of Utah to the City. The City expects to use those funds to help defray the costs of emergency response to the pandemic, as well as provide support to individuals, agencies and businesses affected by the COVID-19 emergency, as directed by the US Treasury Department.

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Park City Municipal Corporation, Utah
Utah Retirement Systems
Last 10 Calendar Years ¹

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of its covered payroll
Noncontributory System	2014	1.1057757 %	\$ 4,801,538	\$ 8,969,083	53.50 %	90.20 %
	2015	1.1629907	6,580,767	8,900,339	73.94	87.80
	2016	1.1028763	7,081,816	8,404,365	84.26	87.30
	2017	1.1793561	5,167,113	8,457,558	61.09	91.90
	2018	1.2132077	8,933,726	8,284,921	107.83	87.00
	2019	1.1954718	4,505,576	7,721,132	58.35	93.70
Contributory System	2014	1.7202131	496,184	921,380	53.90	94.00
	2015	2.1367876	1,501,851	910,458	164.96	85.70
	2016	3.5528544	1,165,731	852,469	136.75	92.90
	2017	4.2822288	348,463	868,933	40.10	98.20
	2018	4.4140715	1,791,243	826,181	216.81	91.20
	2019	4.3953469	288,055	787,616	36.57	98.60
Public Safety System	2014	1.0325635	1,298,534	1,628,847	79.70	90.50
	2015	1.1316373	2,027,047	1,850,090	109.56	87.10
	2016	1.3348476	2,708,774	2,154,360	125.73	86.50
	2017	1.4076471	2,208,117	2,326,902	94.90	90.20
	2018	1.3792220	3,548,166	2,335,379	151.93	84.70
	2019	1.3778642	2,212,323	2,376,678	93.08	90.90
Tier 2 Public Employees System	2014	0.4811751	(14,582)	2,361,287	(0.60)	103.50
	2015	0.6083725	(1,328)	3,930,779	(0.03)	100.20
	2016	0.5779839	64,474	4,739,934	1.36	95.10
	2017	0.6412973	56,541	6,278,394	0.90	97.40
	2018	0.6795699	291,045	7,931,286	3.67	90.80
	2019	0.6951133	156,336	9,661,859	1.62	96.50
Tier 2 Public Safety and Firefighter System	2014	0.5580685	(8,256)	230,513	(3.60)	120.50
	2015	0.4334431	(6,333)	258,047	(2.45)	110.70
	2016	0.4276917	(3,713)	353,369	(1.05)	103.60
	2017	0.2907906	(3,365)	307,120	(1.10)	103.00
	2018	0.1535009	3,846	205,685	1.87	95.60
	2019	0.1264583	11,895	208,446	5.71	89.60

¹ Table represents data available since implementation of GASB Statement 68 and will increase to ten years over time.

Schedule of Required Supplementary Information
Schedule of Contributions
Park City Municipal Corporation, Utah
Utah Retirement Systems
Last 10 Fiscal Years ¹

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll ²
Noncontributory System	2014	\$ 1,463,515	\$ 1,463,515	\$ -	\$ 8,593,869	17.03 %
	2015	1,593,052	1,593,052	-	8,676,643	18.36
	2016	1,583,281	1,583,281	-	8,630,571	18.35
	2017	1,559,571	1,559,571	-	8,480,620	18.39
	2018	1,553,648	1,553,648	-	8,429,027	18.43
	2019	1,486,998	1,486,998	-	8,084,781	18.39
	2020	1,279,250	1,279,250	-	6,988,178	18.31
Contributory System	2014	118,386	118,386	-	891,460	13.28
	2015	124,015	124,015	-	857,642	14.46
	2016	126,506	126,506	-	874,871	14.46
	2017	128,811	128,811	-	890,811	14.46
	2018	121,856	121,856	-	842,711	14.46
	2019	118,253	118,253	-	817,793	14.46
	2020	98,228	98,228	-	679,310	14.46
Public Safety System	2014	444,956	444,956	-	1,579,083	28.18
	2015	487,710	487,710	-	1,613,195	30.23
	2016	602,057	602,057	-	2,018,519	29.83
	2017	703,564	703,564	-	2,326,004	30.25
	2018	696,730	696,730	-	2,306,955	30.20
	2019	703,630	703,630	-	2,321,728	30.31
	2020	741,934	741,934	-	2,438,344	30.43
Tier 2 Public Employees System ³	2014	274,597	274,597	-	1,962,810	13.99
	2015	447,904	447,904	-	2,998,019	14.94
	2016	652,227	652,227	-	4,374,424	14.91
	2017	830,304	830,304	-	5,568,772	14.91
	2018	1,051,865	1,051,865	-	6,961,378	15.11
	2019	1,391,549	1,391,549	-	8,954,624	15.54
	2020	1,568,428	1,568,428	-	10,015,507	15.66
Tier 2 Public Safety and Firefighter System ³	2014	43,142	43,142	-	206,915	20.85
	2015	46,309	46,309	-	205,361	22.55
	2016	75,876	75,876	-	337,225	22.50
	2017	79,353	79,353	-	352,678	22.50
	2018	54,182	54,182	-	240,064	22.57
	2019	47,136	47,136	-	204,142	23.09
	2020	53,529	53,529	-	231,425	23.13
Tier 2 Public Employees DC Only System ³	2014	2,308	2,308	-	41,356	5.58
	2015	14,096	14,096	-	209,757	6.72
	2016	23,903	23,903	-	357,294	6.69
	2017	36,006	36,006	-	538,211	6.69
	2018	63,003	63,003	-	941,754	6.69
	2019	85,220	85,220	-	1,273,841	6.69
	2020	108,323	108,323	-	1,619,186	6.69
Tier 2 Public Safety and Firefighter DC Only System ³	2014	-	-	-	-	-
	2015	3,007	3,007	-	25,417	11.83
	2016	6,153	6,153	-	52,009	11.83
	2017	6,895	6,895	-	58,283	11.83
	2018	7,618	7,618	-	64,392	11.83
	2019	8,158	8,158	-	68,956	11.83
	2020	9,069	9,069	-	76,665	11.83

¹ Table represents data available since implementation of GASB Statement 68 and will increase to ten years over time.

² Contributions as a percentage of covered payroll may be different than the Board certified rate due to rounding or other administrative issues.

³ Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Park City Municipal Corporation, Utah
Notes to Required Supplementary Information
For the year ended June 30, 2020

Note 1. Changes in Assumptions

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

**SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS

Lower Park Avenue Redevelopment Agency and Main Street Redevelopment Agency Special Revenue Funds - Special revenue funds are used to account for specific revenue sources that are restricted, committed or assigned to expenditures for particular purposes. These special revenue funds account for the agencies' redevelopment activities which are supported by property tax increment revenue.

Lower Park Avenue Redevelopment Agency Capital Projects Fund - Accounts for the acquisition or construction of capital projects in the Lower Park Avenue Redevelopment area.

Main Street Redevelopment Agency Capital Projects Fund - Accounts for capital projects in the Main Street Redevelopment area.

Municipal Building Authority Capital Projects Fund - The Municipal Building Authority is a legally separate organization that is a mechanism for financing needed City facilities. The Authority acquires and/or builds facilities by borrowing money secured by a lease agreement between the City and the Authority.

Equipment Replacement Capital Improvements Fund - Accounts for the accumulation of resources for the future replacement of fixed assets such as computers, vehicles and heavy equipment.

**Park City Municipal Corporation
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			Capital Projects Funds					Total Nonmajor Governmental Funds
	Lower Park Avenue Redevelopment Special Revenue Fund	Main Street Redevelopment Special Revenue Fund	Total Nonmajor Special Revenue Funds	Lower Park Avenue Redevelopment Capital Projects Fund	Main Street Redevelopment Capital Projects Fund	Municipal Building Authority Capital Projects Fund	Equipment Replacement Capital Improvements Fund	Total Nonmajor Capital Projects Funds	
ASSETS									
Cash, cash equivalents and investments	\$ 1,039,374	\$ 1,282,132	\$ 2,321,506	\$ 2,616,543	\$ 736,901	\$ 450,157	\$ 1,584,572	\$ 5,388,173	\$ 7,709,679
Taxes	3,591,697	1,309,057	4,900,754	-	-	-	-	-	4,900,754
Accounts	163	92	255	190	50	30	-	270	525
Total assets	<u>\$ 4,631,234</u>	<u>\$ 2,591,281</u>	<u>\$ 7,222,515</u>	<u>\$ 2,616,733</u>	<u>\$ 736,951</u>	<u>\$ 450,187</u>	<u>\$ 1,584,572</u>	<u>\$ 5,388,443</u>	<u>\$ 12,610,958</u>
LIABILITIES									
Accounts payable	\$ 2,504	\$ 16,310	\$ 18,814	\$ -	\$ -	\$ -	\$ 153,333	\$ 153,333	\$ 172,147
Total liabilities	<u>2,504</u>	<u>16,310</u>	<u>18,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,333</u>	<u>153,333</u>	<u>172,147</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue-property tax	3,581,608	1,300,000	4,881,608	-	-	-	-	-	4,881,608
Total deferred inflow of resources	<u>3,581,608</u>	<u>1,300,000</u>	<u>4,881,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,881,608</u>
Total liabilities and deferred inflows of resources	<u>3,584,112</u>	<u>1,316,310</u>	<u>4,900,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,333</u>	<u>153,333</u>	<u>5,053,755</u>
FUND BALANCES									
Committed:									
Capital projects funds	-	-	-	2,616,733	736,951	450,187	1,431,239	5,235,110	5,235,110
Economic development	1,047,122	1,274,971	2,322,093	-	-	-	-	-	2,322,093
Total fund balances	<u>\$ 1,047,122</u>	<u>\$ 1,274,971</u>	<u>\$ 2,322,093</u>	<u>\$ 2,616,733</u>	<u>\$ 736,951</u>	<u>\$ 450,187</u>	<u>\$ 1,431,239</u>	<u>\$ 5,235,110</u>	<u>\$ 7,557,203</u>
Total liabilities and fund balances	<u>\$ 4,631,234</u>	<u>\$ 2,591,281</u>	<u>\$ 7,222,515</u>	<u>\$ 2,616,733</u>	<u>\$ 736,951</u>	<u>\$ 450,187</u>	<u>\$ 1,584,572</u>	<u>\$ 5,388,443</u>	<u>\$ 12,610,958</u>

Park City Municipal Corporation
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>					
	Lower Park Avenue Redevelopment Special Revenue Fund	Main Street Redevelopment Special Revenue Fund	Total Nonmajor Special Revenue Funds	Lower Park Avenue Redevelopment Capital Projects Fund	Main Street Redevelopment Capital Projects Fund	Municipal Building Authority Capital Projects Fund	Equipment Replacement Capital Improvements Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES									
Taxes and special assessments	\$ 825,911	\$ 298,041	\$ 1,123,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,123,952
Intergovernmental	2,765,007	997,788	3,762,795	-	-	-	-	-	3,762,795
Investment income	41,840	20,392	62,232	43,736	13,386	7,710	-	64,832	127,064
Total revenues	<u>3,632,758</u>	<u>1,316,221</u>	<u>4,948,979</u>	<u>43,736</u>	<u>13,386</u>	<u>7,710</u>	<u>-</u>	<u>64,832</u>	<u>5,013,811</u>
EXPENDITURES									
Capital outlay	-	-	-	30,815	173	-	1,945,998	1,976,986	1,976,986
Economic development	602,975	258,586	861,561	-	-	-	-	-	861,561
Total expenditures	<u>602,975</u>	<u>258,586</u>	<u>861,561</u>	<u>30,815</u>	<u>173</u>	<u>-</u>	<u>1,945,998</u>	<u>1,976,986</u>	<u>2,838,547</u>
Excess (deficiency) of revenues over expenditures	<u>3,029,783</u>	<u>1,057,635</u>	<u>4,087,418</u>	<u>12,921</u>	<u>13,213</u>	<u>7,710</u>	<u>(1,945,998)</u>	<u>(1,912,154)</u>	<u>2,175,264</u>
OTHER FINANCING SOURCES (USES)									
Sale of capital assets	-	-	-	-	-	-	179,548	179,548	179,548
Transfers in	-	-	-	3,592,532	690,000	-	1,285,600	5,568,132	5,568,132
Transfers out	(3,592,532)	(690,000)	(4,282,532)	(2,769,715)	(805,006)	-	-	(3,574,721)	(7,857,253)
Total other financing sources (uses)	<u>(3,592,532)</u>	<u>(690,000)</u>	<u>(4,282,532)</u>	<u>822,817</u>	<u>(115,006)</u>	<u>-</u>	<u>1,465,148</u>	<u>2,172,959</u>	<u>(2,109,573)</u>
Net change in fund balances	(562,749)	367,635	(195,114)	835,738	(101,793)	7,710	(480,850)	260,805	65,691
Fund balances - beginning	1,609,871	907,336	2,517,207	1,780,995	838,744	442,477	1,912,089	4,974,305	7,491,512
Fund balances - ending	<u>\$ 1,047,122</u>	<u>\$ 1,274,971</u>	<u>\$ 2,322,093</u>	<u>\$ 2,616,733</u>	<u>\$ 736,951</u>	<u>\$ 450,187</u>	<u>\$ 1,431,239</u>	<u>\$ 5,235,110</u>	<u>\$ 7,557,203</u>

Park City Municipal Corporation
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 9,750,207	\$ 9,750,207	\$ 15,439,343	\$ 5,689,136
Intergovernmental	2,390,000	4,640,505	4,593,988	(46,517)
Charges for services	-	-	113,087	113,087
Investment income	20,000	20,123	937,126	917,003
Impact fees	355,000	439,880	456,053	16,173
Rental and other	173,000	173,000	60	(172,940)
Miscellaneous	486,487	486,487	456,513	(29,974)
Total revenues	<u>13,174,694</u>	<u>15,510,202</u>	<u>21,996,170</u>	<u>6,485,968</u>
EXPENDITURES				
Capital outlay:				
Land and building acquisition	12,259,987	25,046,030	5,142,970	19,903,060
Street and storm drain improvements	28,948,000	4,411,294	1,065,792	3,345,502
Building renovation and construction	2,652,845	9,865,743	1,494,518	8,371,225
Improvements other than building	895,500	32,190,623	6,915,229	25,275,394
City parks and cemetery improvements	150,000	901,639	-	901,639
Equipment	967,362	1,717,059	612,411	1,104,648
Total expenditures	<u>45,873,694</u>	<u>74,132,388</u>	<u>15,230,920</u>	<u>58,901,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,699,000)</u>	<u>(58,622,186)</u>	<u>6,765,250</u>	<u>65,387,436</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	8,000,000	8,000,000	-	(8,000,000)
Sale of capital assets	20,000,000	7,500,000	4,255,251	(3,244,749)
Transfers in	2,436,030	4,868,786	4,868,732	(54)
Transfers out	(5,745,118)	(3,682,118)	(3,682,118)	-
Total other financing sources (uses)	<u>24,690,912</u>	<u>16,686,668</u>	<u>5,441,865</u>	<u>(11,244,803)</u>
Net change in fund balances	(8,008,088)	(41,935,518)	12,207,115	54,142,633
Fund balances - beginning, as restated	49,676,665	49,676,665	49,676,665	-
Fund balances - ending	<u>\$ 41,668,577</u>	<u>\$ 7,741,147</u>	<u>\$ 61,883,780</u>	<u>\$ 54,142,633</u>

Park City Municipal Corporation
Sales Tax Revenue and Refunding Bonds Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 614,895	\$ 614,895
Total revenues	-	-	614,895	614,895
EXPENDITURES				
Debt service:				
Interest	1,662,565	2,813,315	2,802,890	10,425
Principal retirement	3,375,000	4,625,000	4,625,000	-
Total expenditures	5,037,565	7,438,315	7,427,890	10,425
Excess (deficiency) of revenues over (under) expenditures	(5,037,565)	(7,438,315)	(6,812,995)	625,320
OTHER FINANCING SOURCES (USES)				
Transfers in	7,419,316	7,419,316	7,419,316	-
Transfers out	-	(217,039)	(217,039)	-
Total other financing sources (uses)	7,419,316	7,202,277	7,202,277	-
Net change in fund balances	2,381,751	(236,038)	389,282	625,320
Fund balances - beginning	25,749,910	25,749,910	25,749,910	-
Fund balances - ending	\$ 28,131,661	\$ 25,513,872	\$ 26,139,192	\$ 625,320

Park City Municipal Corporation
General Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 6,036,374	\$ 9,284,937	\$ 9,281,384	\$ (3,553)
Investment income	-	-	3,651	3,651
Miscellaneous	45,967	45,967	43,185	(2,782)
Total revenues	<u>6,082,341</u>	<u>9,330,904</u>	<u>9,328,220</u>	<u>(2,684)</u>
EXPENDITURES				
Debt service:				
Interest	1,532,335	3,552,000	3,366,436	185,564
Principal retirement	3,775,000	12,620,000	4,650,000	7,970,000
Bond issuance costs	-	128,219	118,027	10,192
Total expenditures	<u>5,307,335</u>	<u>16,300,219</u>	<u>8,134,463</u>	<u>8,165,756</u>
Excess of revenues over expenditures	<u>775,006</u>	<u>(6,969,315)</u>	<u>1,193,757</u>	<u>8,163,072</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	4,000,000	4,000,000	-
Refunding bonds issued	-	5,470,000	5,470,000	-
Payment to refunded bondholders	-	-	(7,245,000)	(7,245,000)
Premium on debt issuance	-	1,298,465	1,206,669	(91,796)
Premium on refunding bonds issued	-	-	91,796	91,796
Transfers out	-	(4,651,693)	(4,651,693)	-
Total other financing sources (uses)	<u>-</u>	<u>6,116,772</u>	<u>(1,128,228)</u>	<u>(7,245,000)</u>
Net change in fund balances	775,006	(852,543)	65,529	918,072
Fund balances - beginning	1,536,750	1,536,750	1,536,750	-
Fund balances - ending	<u>\$ 2,311,756</u>	<u>\$ 684,207</u>	<u>\$ 1,602,279</u>	<u>\$ 918,072</u>

Park City Municipal Corporation
Lower Park Avenue Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 732,000	\$ 1,052,000	\$ 825,911	\$ (226,089)
Intergovernmental	2,215,000	3,900,000	2,765,007	(1,134,993)
Investment income	-	-	41,840	41,840
Total revenues	<u>2,947,000</u>	<u>4,952,000</u>	<u>3,632,758</u>	<u>(1,319,242)</u>
EXPENDITURES				
Economic development	708,968	708,968	602,975	105,993
Excess (deficiency) of revenues over expenditures	<u>2,238,032</u>	<u>4,243,032</u>	<u>3,029,783</u>	<u>(1,213,249)</u>
OTHER FINANCING USES				
Transfers out	(2,092,532)	(3,592,532)	(3,592,532)	-
Net change in fund balances	145,500	650,500	(562,749)	(1,213,249)
Fund balances - beginning	1,609,871	1,609,871	1,609,871	-
Fund balances - ending	<u>\$ 1,755,371</u>	<u>\$ 2,260,371</u>	<u>\$ 1,047,122</u>	<u>\$ (1,213,249)</u>

Park City Municipal Corporation
Main Street Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 315,000	\$ 315,000	\$ 298,041	\$ (16,959)
Intergovernmental	880,000	880,000	997,788	117,788
Investment income	-	-	20,392	20,392
Total revenues	<u>1,195,000</u>	<u>1,195,000</u>	<u>1,316,221</u>	<u>121,221</u>
EXPENDITURES				
Economic development	455,000	455,000	258,586	196,414
Excess of revenues over expenditures	<u>740,000</u>	<u>740,000</u>	<u>1,057,635</u>	<u>317,635</u>
OTHER FINANCING USES				
Transfers out	(690,000)	(690,000)	(690,000)	-
Net change in fund balances	50,000	50,000	367,635	317,635
Fund balances - beginning	907,336	907,336	907,336	-
Fund balances - ending	<u>\$ 957,336</u>	<u>\$ 957,336</u>	<u>\$ 1,274,971</u>	<u>\$ 317,635</u>

Park City Municipal Corporation
Lower Park Avenue Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 43,735	\$ 43,735
EXPENDITURES				
Capital outlay:				
Land and building acquisition	-	16,024	(9,862)	25,886
Street and storm drain improvements	30,000	69,845	-	69,845
Building renovation and construction	-	1,257,497	21,023	1,236,474
Improvements other than building	3,005,000	415,844	9,676	406,168
City parks and cemetery improvements	100,000	552,226	9,978	542,248
Total expenditures	<u>3,135,000</u>	<u>2,311,436</u>	<u>30,815</u>	<u>2,280,621</u>
Excess of revenues over expenditures	<u>(3,135,000)</u>	<u>(2,311,436)</u>	<u>12,920</u>	<u>2,324,356</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,092,532	3,592,532	3,592,532	-
Transfers out	<u>(706,715)</u>	<u>(2,769,715)</u>	<u>(2,769,715)</u>	-
Total other financing sources (uses)	<u>1,385,817</u>	<u>822,817</u>	<u>822,817</u>	-
Net change in fund balances	(1,749,183)	(1,488,619)	835,737	2,324,356
Fund balances - beginning	1,780,995	1,780,995	1,780,995	-
Fund balances - ending	<u>\$ 31,812</u>	<u>\$ 292,376</u>	<u>\$ 2,616,732</u>	<u>\$ 2,324,356</u>

Park City Municipal Corporation
Main Street Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 13,386	\$ 13,386
EXPENDITURES				
Capital outlay:				
Improvements other than building	30,000	356,426	173	356,253
Equipment	-	11,718	-	11,718
Total expenditures	30,000	368,144	173	367,971
Excess of revenues over expenditures	(30,000)	(368,144)	13,213	381,357
OTHER FINANCING SOURCES (USES)				
Transfers in	690,000	690,000	690,000	-
Transfers out	(805,006)	(805,006)	(805,006)	-
Total other financing sources (uses)	(115,006)	(115,006)	(115,006)	-
Net change in fund balances	(145,006)	(483,150)	(101,793)	381,357
Fund balances - beginning	838,744	838,744	838,744	-
Fund balances - ending	\$ 693,738	\$ 355,594	\$ 736,951	\$ 381,357

Park City Municipal Corporation
Municipal Building Authority Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 7,710	\$ 7,710
Excess of revenues over expenditures	-	-	7,710	7,710
Net change in fund balances	-	-	7,710	7,710
Fund balances - beginning	442,477	442,477	442,477	-
Fund balances - ending	<u>\$ 442,477</u>	<u>\$ 442,477</u>	<u>\$ 450,187</u>	<u>\$ 7,710</u>

Park City Municipal Corporation
Equipment Replacement Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Capital outlay:				
Equipment	\$ 1,285,600	\$ 3,063,723	\$ 1,945,998	\$ 1,117,725
Excess (deficiency) of revenues over (under) expenditures	(1,285,600)	(3,063,723)	(1,945,998)	1,117,725
OTHER FINANCING SOURCES				
Sale of capital assets	-	18,000	179,548	161,548
Transfers in	1,285,600	1,285,600	1,285,600	-
Total other financing sources	1,285,600	1,303,600	1,465,148	161,548
Net change in fund balances	-	(1,760,123)	(480,850)	1,279,273
Fund balances - beginning	1,912,089	1,912,089	1,912,089	-
Fund balances - ending	\$ 1,912,089	\$ 151,966	\$ 1,431,239	\$ 1,279,273

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing and operations of services provided to various City departments and other governments, on a cost-reimbursement basis. Included are:

Fleet Services Fund: Fleet Services Fund accounts for the cost of storage, repair and maintenance of City-owned vehicles.

Self-Insurance Fund: Self-Insurance Fund accounts for the establishment of a self-insurance program.

Park City Municipal Corporation
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Fleet Services Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ 1,158,552	\$ 1,732,190	\$ 2,890,742
Accounts receivable	46,646	660	47,306
Inventories	197,069	-	197,069
Total current assets	<u>1,402,267</u>	<u>1,732,850</u>	<u>3,135,117</u>
Noncurrent assets:			
Vehicles and equipment	47,450	-	47,450
Accumulated depreciation and amortization	(47,450)	-	(47,450)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,402,267</u>	<u>1,732,850</u>	<u>3,135,117</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	89,819	-	89,819
Total deferred outflows of resources	<u>89,819</u>	<u>-</u>	<u>89,819</u>
Total assets and deferred outflows of resources	<u>\$ 1,492,086</u>	<u>\$ 1,732,850</u>	<u>\$ 3,224,936</u>
LIABILITIES			
Current liabilities:			
Accounts payable	105,727	301,023	406,750
Accrued liabilities	23,183	-	23,183
Compensated absences	30,823	-	30,823
Total current liabilities	<u>159,733</u>	<u>301,023</u>	<u>460,756</u>
Noncurrent liabilities:			
Net pension liability	232,288	-	232,288
Compensated absences	28,201	-	28,201
Total noncurrent liabilities	<u>260,489</u>	<u>-</u>	<u>260,489</u>
Total liabilities	<u>420,222</u>	<u>301,023</u>	<u>721,245</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	262,015	-	262,015
Total deferred inflows of resources	<u>262,015</u>	<u>-</u>	<u>262,015</u>
Total liabilities and deferred inflows of resources	<u>682,237</u>	<u>301,023</u>	<u>983,260</u>
NET POSITION			
Unrestricted	809,849	1,431,827	2,241,676
Total net position	<u>\$ 809,849</u>	<u>\$ 1,431,827</u>	<u>\$ 2,241,676</u>

Park City Municipal Corporation
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Fleet Services Fund	Self- Insurance Fund	Total Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ 2,725,000	\$ 1,561,651	\$ 4,286,651
Total operating revenues	<u>2,725,000</u>	<u>1,561,651</u>	<u>4,286,651</u>
OPERATING EXPENSES			
Salaries and benefits	1,016,050	-	1,016,050
Supplies, maintenance and services	912,032	1,478,388	2,390,420
Energy and utilities	868,833	-	868,833
Total operating expenses	<u>2,796,915</u>	<u>1,478,388</u>	<u>4,275,303</u>
Operating income (loss)	<u>(71,915)</u>	<u>83,263</u>	<u>11,348</u>
Change in net position	<u>(71,915)</u>	<u>83,263</u>	<u>11,348</u>
Total net position - beginning	881,764	1,348,564	2,230,328
Total net position - ending	<u>\$ 809,849</u>	<u>\$ 1,431,827</u>	<u>\$ 2,241,676</u>

Park City Municipal Corporation
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Fleet Services Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 2,744,395	\$ 1,592,534	\$ 4,336,929
Payments to employees	(1,004,053)	-	(1,004,053)
Payments to suppliers	(1,738,425)	(1,470,177)	(3,208,602)
Net cash provided by operating activities	1,917	122,357	124,274
Net increase in cash and cash equivalents	1,917	122,357	124,274
Balances - beginning of year	1,156,635	1,609,833	2,766,468
Balances - end of the year	\$ 1,158,552	\$ 1,732,190	\$ 2,890,742
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating Income	\$ (71,915)	\$ 83,263	\$ 11,348
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Pension related	7,142	-	7,142
Changes in assets and liabilities:			
Accounts receivable	19,395	30,883	50,278
Inventory	20,453	-	20,453
Accounts and other payables	21,987	8,211	30,198
Accrued liabilities	11,249	-	11,249
Compensated absences	(6,394)	-	(6,394)
Net cash provided by operating activities	\$ 1,917	\$ 122,357	\$ 124,274

STATISTICAL SECTION
(Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

Contents	Page
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
Park City Municipal Corporation, Utah
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	2019 (1)	2020
Governmental activities										
Net investment in capital assets	\$ 133,919,927	\$ 136,071,293	\$ 142,887,371	\$ 150,053,024	\$ 159,315,342	\$ 169,437,708	\$ 182,684,418	\$ 190,028,413	\$ 198,327,763	\$ 213,716,372
Restricted	3,809,948 (2)	681,918 (2)	709,082 (2)	6,913,237 (2)	7,465,730 (2)	6,361,175 (2)	6,378,214 (2)	6,661,816 (2)	7,253,575	9,015,764
Unrestricted	40,012,341 (2)	44,244,057 (2)	42,172,072 (2)	31,428,170 (2)	30,764,855 (2)	36,189,936 (2)	32,920,698 (2)	45,040,731 (2)	52,175,273	56,427,139
Total governmental activities net position	\$ 177,742,216	\$ 180,997,268	\$ 185,768,525	\$ 188,394,431	\$ 197,545,927	\$ 211,988,819	\$ 221,983,330	\$ 241,730,960	\$ 257,756,611	\$ 279,159,275
Business-type activities										
Net investment in capital assets	\$ 51,237,710	\$ 56,867,717	\$ 57,738,180	\$ 58,889,312	\$ 61,064,884	\$ 64,172,905	\$ 91,043,049	\$ 104,256,756	\$ 113,503,024	\$ 117,863,860
Restricted	2,213,200 (2)	449,859 (2)	- (2)	- (2)	- (2)	- (2)	- (2)	- (2)	-	-
Unrestricted	19,158,199 (2)	22,278,717 (2)	24,037,966 (2)	25,691,399 (2)	29,215,116 (2)	27,577,761 (2)	26,506,386 (2)	18,602,068 (2)	14,994,253	12,098,879
Total business-type activities net position	\$ 72,609,109	\$ 79,596,293	\$ 81,776,146	\$ 84,580,711	\$ 90,280,000	\$ 91,750,666	\$ 117,549,435	\$ 122,858,824	\$ 128,497,277	\$ 129,962,739
Primary government										
Net investment in capital assets	\$ 185,157,637	\$ 192,939,010	\$ 200,625,551	\$ 208,942,336	\$ 220,380,226	\$ 233,610,613	\$ 273,727,467	\$ 294,285,169	\$ 311,830,787	\$ 331,580,232
Restricted	6,023,148	1,131,777	709,082	6,913,237	7,465,730	6,361,175	6,378,214	6,661,816	7,253,575	9,015,764
Unrestricted	59,170,540	66,522,774	66,210,038	57,119,569	59,979,971	63,767,697	59,427,084	63,642,799	67,169,526	68,526,018
Total primary government net position	\$ 250,351,325	\$ 260,593,561	\$ 267,544,671	\$ 272,975,142	\$ 287,825,927	\$ 303,739,485	\$ 339,532,765	\$ 364,589,784	\$ 386,253,888	\$ 409,122,014

Notes:
(1) Restated.
(2) Reclassified long-term debt related to net assets restricted for debt service and capital projects out of unrestricted net assets.

Schedule 2
Park City Municipal Corporation, Utah
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 13,876,694	\$ 16,418,511	\$ 15,410,428	\$ 17,971,342	\$ 19,233,343	\$ 19,676,565	\$ 21,909,746	\$ 21,793,758	\$ 23,755,044	\$ 22,198,830
Public safety	4,523,175	4,749,019	5,005,854	5,023,548	5,270,197	5,705,960	6,254,164	6,736,639	6,747,797	7,438,463
Public works	7,539,516	7,120,275	7,225,061	7,053,923	6,967,243	7,088,647	7,263,125	7,209,164	6,929,871	6,794,406
Library and recreation	3,146,783	3,707,452	4,194,025	4,408,912	4,618,338	5,671,823	5,843,178	5,726,489	5,729,844	5,556,544
Interest on long-term debt	2,039,807	1,812,222	1,588,388	1,552,101	1,285,952	1,456,433	1,366,939	2,537,159	3,558,591	9,041,292
Total governmental activities expenses	<u>31,125,975</u>	<u>33,807,479</u>	<u>33,423,756</u>	<u>36,009,826</u>	<u>37,375,073</u>	<u>39,599,428</u>	<u>42,637,152</u>	<u>44,003,209</u>	<u>46,721,147</u>	<u>51,029,535</u>
Business-type activities:										
Water	9,168,368	9,828,676	10,980,949	11,678,822	11,870,125	12,934,161	13,086,302	13,314,440	13,578,235	17,145,476
Stormwater	-	-	-	-	-	-	1,162,202 (9)	921,138	1,470,837	1,276,945
Transportation and parking	8,433,607	9,243,798	9,608,636	10,378,982	10,804,211	11,801,545	13,848,109	19,435,515	22,521,490	23,485,955
Golf course	1,291,645	1,394,404	1,415,478	1,441,498	1,512,330	1,541,601	1,546,036	1,711,826	1,488,121	1,578,559
Total business-type activities expenses	<u>18,893,620</u>	<u>20,466,878</u>	<u>22,005,063</u>	<u>23,499,302</u>	<u>24,186,666</u>	<u>26,277,307</u>	<u>29,642,649</u>	<u>35,382,919</u>	<u>39,058,683</u>	<u>43,486,935</u>
Total primary government expenses	<u>\$ 50,019,595</u>	<u>\$ 54,274,357</u>	<u>\$ 55,428,819</u>	<u>\$ 59,509,128</u>	<u>\$ 61,561,739</u>	<u>\$ 65,876,735</u>	<u>\$ 72,279,801</u>	<u>\$ 79,386,128</u>	<u>\$ 85,779,830</u>	<u>\$ 94,516,470</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,959,149	\$ 2,072,172	\$ 2,388,214	\$ 3,907,142	\$ 4,718,626	\$ 3,734,852	\$ 3,668,799	\$ 4,724,514	\$ 5,647,186	\$ 7,004,032
Public safety	2,700	6,593	12,313	100	-	3,996	9,685	2,880	10	-
Public works	219,843	222,708	246,390	190,022	224,820	200,761	174,917	189,117	129,171	113,087
Library and recreation	836,328	1,142,700	1,287,791	1,309,934	1,210,362	1,295,132	1,253,491	1,356,186	1,203,836	1,831,546
Operating grants and contributions	126,759	151,111	350,352	165,147	121,866	145,704	187,166	161,075	195,542	344,543
Capital grants and contributions	649,032	1,476,472	1,073,924	1,879,881	2,479,239	324,650	2,652,254	9,028,885	1,608,966	4,636,167
Total governmental activities program revenues	<u>3,793,811</u>	<u>5,071,756</u>	<u>5,358,984</u>	<u>7,452,226</u>	<u>8,754,913</u>	<u>5,705,095</u>	<u>7,946,312</u>	<u>15,462,657</u>	<u>8,784,711</u>	<u>13,929,375</u>
Business-type activities:										
Charges for services										
Water	8,416,666	9,915,490	12,242,653	13,171,473	14,176,728	15,205,729	17,237,175	17,924,616	18,606,759	18,538,414
Stormwater	-	-	-	-	-	-	979,419 (9)	1,277,767	1,572,044	1,437,517
Transportation and parking	3,495,838	3,487,939	3,977,883	3,895,008	4,255,752	4,497,989	5,227,316	9,789,087	11,113,961	8,210,423
Golf course	878,237	1,033,286	1,102,133	1,056,248	1,105,882	1,139,839	1,153,794	1,203,560	1,131,283	1,232,521
Operating grants and contributions	-	3,681,732	-	1,649,174	1,602,990	-	2,813,864	2,307,083	-	5,586,097
Capital grants and contributions	6,367,580	4,856,335	2,373,881	3,353,572	4,186,198	1,956,426	14,612,633	2,439,682	6,524,981	2,286,289
Total business-type activities program revenues	<u>19,158,321</u>	<u>22,974,782</u>	<u>19,696,550</u>	<u>23,125,475</u>	<u>25,327,550</u>	<u>22,799,983</u>	<u>42,024,201</u>	<u>34,941,795</u>	<u>38,949,028</u>	<u>37,291,261</u>
Total primary government program revenues	<u>\$ 22,952,132</u>	<u>\$ 28,046,538</u>	<u>\$ 25,055,534</u>	<u>\$ 30,577,701</u>	<u>\$ 34,082,463</u>	<u>\$ 28,505,078</u>	<u>\$ 49,970,513</u>	<u>\$ 50,404,452</u>	<u>\$ 47,733,739</u>	<u>\$ 51,220,636</u>
Net (expense)/revenue										
Governmental activities	\$ (27,332,164)	\$ (28,735,723)	\$ (28,064,772)	\$ (28,557,600)	\$ (28,620,160)	\$ (33,894,333)	\$ (34,690,840)	\$ (28,540,552)	\$ (37,936,436)	\$ (37,100,160)
Business-type activities	264,701	2,507,904	(2,308,513)	(373,827)	1,140,884	(3,477,324)	12,381,552	(441,124)	(109,655)	(6,195,674)
Total primary government net expense	<u>\$ (27,067,463)</u>	<u>\$ (26,227,819)</u>	<u>\$ (30,373,285)</u>	<u>\$ (28,931,427)</u>	<u>\$ (27,479,276)</u>	<u>\$ (37,371,657)</u>	<u>\$ (22,309,288)</u>	<u>\$ (28,981,676)</u>	<u>\$ (38,046,091)</u>	<u>\$ (43,295,834)</u>

Schedule 2, Continued
Park City Municipal Corporation, Utah
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property tax, levied for general purposes	\$ 12,442,798	\$ 13,797,851	\$ 13,587,385	\$ 12,772,297	\$ 12,809,892	\$ 14,755,299	\$ 14,350,265	\$ 14,686,693	\$ 15,499,965	\$ 17,445,636
Property tax, levied for debt service	4,570,315	4,580,904	4,577,873	5,082,714	5,321,592	3,723,453	4,220,158	6,432,184	6,036,374	9,281,384
General sales and use tax	3,966,554	4,125,435	4,187,472	4,347,534	4,731,904	5,180,094	5,620,687	5,915,331	6,403,710	6,389,540
Franchise tax	2,906,982	2,816,070	3,037,407	3,158,716	3,061,207	3,185,820	3,194,392	3,147,847	3,230,881	3,161,759
Resort tax	5,022,250	5,443,231	5,983,636	9,151,788	10,066,040	11,154,870	12,253,267	14,491,767	16,741,000	16,460,084
Investment earnings	399,928	283,191	258,657	348,090	261,735	434,588	582,208	1,122,856	2,297,088	2,041,844
Miscellaneous	1,022,968	944,093	1,203,599	1,594,150	804,286	492,730	4,856,960	1,776,504	2,963,178	2,938,083
Gain/Loss on sale of capital assets	215,705	-	-	-	-	1,328,784	-	-	74,891	69,494
Transfers	(168,969)	-	-	-	715,000	715,000	(7,534,613)	715,000	715,000	715,000
Total governmental activities	<u>30,378,531</u>	<u>31,990,775</u>	<u>32,836,029</u>	<u>36,455,289</u>	<u>37,771,656</u>	<u>40,970,638</u>	<u>37,543,324</u>	<u>48,288,182</u>	<u>53,962,087</u>	<u>58,502,824</u>
Business-type activities:										
General sales and use tax	3,503,440	3,798,125	3,868,264	4,019,133	4,398,879	4,877,098	5,233,194	5,617,865	6,128,331	7,560,305
Investments earnings	438,221	247,058	196,237	358,535	367,709	327,289	402,924	372,627	581,900	243,778
Miscellaneous	402,326	434,097	423,865	497,745	506,817	458,603	456,419	475,021	468,998	562,355
Gain/Loss on sale of capital assets	-	-	-	-	-	-	-	-	(716,121)	9,698
Transfers	168,969	-	-	-	(715,000)	(715,000)	7,534,613	(715,000)	(715,000)	(715,000)
Total business-type activities	<u>4,512,956</u>	<u>4,479,280</u>	<u>4,488,366</u>	<u>4,875,413</u>	<u>4,558,405</u>	<u>4,947,990</u>	<u>13,627,150</u>	<u>5,750,513</u>	<u>5,748,108</u>	<u>7,661,136</u>
Total primary government	<u>\$ 34,891,487</u>	<u>\$ 36,470,055</u>	<u>\$ 37,324,395</u>	<u>\$ 41,330,702</u>	<u>\$ 42,330,061</u>	<u>\$ 45,918,628</u>	<u>\$ 51,170,474</u>	<u>\$ 54,038,695</u>	<u>\$ 59,710,195</u>	<u>\$ 66,163,960</u>
Change in Net Position										
Governmental activities	\$ 3,046,367 (2)	\$ 3,255,052	\$ 4,771,257	\$ 7,897,689 (3)	\$ 9,151,496	\$ 7,076,305 (6)	\$ 2,852,484 (10)	\$ 19,747,630 (13)	\$ 16,025,651	\$ 21,402,664 (15)
Adjustment to governmental activities net position	-	-	-	(5,271,783) (4)	-	7,366,587 (8)	7,142,027 (12)	-	-	-
Business-type activities	4,777,657	6,987,184	2,179,853	4,501,586	5,699,289	1,470,666 (7)	26,008,702 (11)	5,309,389 (14)	5,638,453	1,465,462 (16)
Adjustment to business-type activities net position	-	-	-	(1,697,021) (4)	-	-	(209,933) (12)	-	-	-
Total primary government	<u>\$ 7,824,024</u>	<u>\$ 10,242,236</u>	<u>\$ 6,951,110</u>	<u>\$ 5,430,471</u>	<u>\$ 14,850,785 (5)</u>	<u>\$ 15,913,558</u>	<u>\$ 35,793,280</u>	<u>\$ 25,057,019</u>	<u>\$ 21,664,104</u>	<u>\$ 22,868,126</u>

Notes:

- (1) Restated.
- (2) Decrease in governmental activities net position is due to decreases in capitalizable grants and contributions.
- (3) Increase in governmental activities net position is due to increases in resort tax collected.
- (4) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014.
- (5) Increase in total primary government net position is due to restatement of fiscal year 2014 for the implementation of GASB 68.
- (6) Decrease in governmental activities net position is due to increased expenses in general government and decreases in capital grants and contributions.
- (7) Decrease in business-type activities net position is due to increased expenses in water and transportation and decreases in operating and capital grants and contributions.
- (8) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (9) Stormwater fund was added in fiscal year 2017.
- (10) Decrease in governmental activities net position is due to increased capital outlay.
- (11) Increase in business-type activities net position is due to increases in capitalizable grants and contributions.
- (12) Fiscal year 2018 - Capital asset adjustment, required restatement of fiscal year 2017.
- (13) Increase in governmental activities net position is due to increases in capitalizable grants and contributions and increases in tax revenues.
- (14) Decrease in business-type activities net position is due to decreases in capitalizable grants and contributions.
- (15) Increase in governmental activities net position due to increases in capitalizable grants and contributions.
- (16) Decrease in business-type activities net position is due to decreases in charges for services and increases in expenses.

Schedule 3
Park City Municipal Corporation, Utah
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	494,360	\$ 24,011
Interfund loan	-	-	-	-	-	-	-	86,867	55,761	24,107
Inventory	-	-	-	-	-	-	-	50,719	30,226	40,468
Unassigned	4,209,020	4,011,625	5,515,127	6,670,716	6,836,193	6,779,674	7,497,277	7,730,233	8,705,419	7,811,877
Restricted - Drug and tobacco enforcement	31,258	36,517	47,776	46,402	47,201	48,640	59,674	57,571	58,940	58,940
Total general fund	<u>\$ 4,240,278</u>	<u>\$ 4,048,142</u>	<u>\$ 5,562,903</u>	<u>\$ 6,717,118</u>	<u>\$ 6,883,394</u>	<u>\$ 6,828,314</u>	<u>\$ 7,556,951</u>	<u>\$ 7,925,390</u>	<u>\$ 9,344,706</u>	<u>\$ 7,959,403</u>
Restricted for:										
Capital projects	\$ 4,490,602 (1)	\$ 1,261,260	\$ 708,350	\$ 6,866,835	\$ 12,779,745	\$ 7,872,086	\$ 7,545,300	\$ 12,804,288	\$ 31,699,288	\$ 33,778,218
Debt service	1,489	2,410	817	952	88,037	2,496	3,816	11,900	652,977	490,581
Assigned:										
Capital projects funds	34,536,547	-	-	-	-	-	-	-	-	-
Debt service funds	1,537,118	-	-	-	-	-	-	-	-	-
Committed:										
Capital projects funds	-	31,635,190	31,470,751	32,340,968	29,882,740	34,849,188	28,665,290	38,875,896	47,456,335 (2)	58,162,066
Debt service funds	-	1,713,903	1,480,633	1,557,901	2,236,514	1,816,767	1,778,077	1,856,470	2,129,030	2,429,496
Special revenue funds	-	-	-	-	-	516,758	785,600	1,591,335	2,517,207	2,322,093
Total all other governmental funds	<u>\$ 40,565,756</u>	<u>\$ 34,612,763</u>	<u>\$ 33,660,551</u>	<u>\$ 40,766,656</u>	<u>\$ 44,987,036</u>	<u>\$ 45,057,295</u>	<u>\$ 38,778,083</u>	<u>\$ 55,139,889</u>	<u>\$ 84,454,837</u>	<u>\$ 97,182,454</u>

Notes:
(1) Fiscal year 2011- Implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.
(2) Fiscal year 2020 - Capital asset adjustment, required restatement of fiscal year 2019.

Schedule 4
Park City Municipal Corporation, Utah
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes and special assessments	\$ 28,939,586	\$ 30,705,261	\$ 31,399,695	\$ 34,486,284	\$ 33,269,379	\$ 35,194,462	\$ 36,830,205	\$ 41,592,343	\$ 44,639,055	\$ 49,004,820
Licenses and permits	1,067,438	1,166,721	1,446,142	2,611,576	3,025,886	2,462,374	2,464,561	3,390,668	3,899,003	5,776,248
Intergovernmental	775,791	627,433	1,404,276	1,818,822	5,346,423	3,288,064	4,044,959	6,214,905	4,345,873	8,693,506
Charges for services	1,526,455	1,910,119	2,017,593	2,194,197	2,071,230	2,119,339	2,115,794	2,225,204	2,837,729	2,687,766
Fines and forfeitures	28,833	29,404	35,342	21,648	14,206	26,902	42,834	35,327	23,108	22,313
Investment income	399,928	283,191	258,657	348,090	261,735	434,588	582,208	1,122,856	2,297,089	2,041,844
Impact fees	191,521	133,421	201,235	397,737	817,666	425,365	308,786	432,381	620,441	456,053
Rental and other miscellaneous	2,104,193	2,366,777	1,476,317	1,912,540	2,873,179	1,546,004	5,041,320	2,496,363	1,500,515	1,305,612
Total revenues	<u>35,033,745</u>	<u>37,222,327</u>	<u>38,239,257</u>	<u>43,790,894</u>	<u>47,679,704</u>	<u>45,497,098</u>	<u>51,430,667</u>	<u>57,510,047</u>	<u>60,162,813</u>	<u>69,988,162</u>
Expenditures										
General government	10,717,351	11,260,367	11,381,542	12,086,576	13,653,938	14,604,316	15,005,872	16,235,727	16,175,897	18,616,889
Public safety	4,266,143	4,498,776	4,687,516	4,684,672	4,953,544	5,349,433	5,970,451	6,392,525	6,360,284	6,998,527
Public works	4,422,633	4,718,003	4,835,958	4,643,828	4,718,959	4,878,647	5,194,880	5,648,653	5,935,423	5,782,998
Library and recreation	2,534,737	2,839,500	3,164,535	3,361,464	3,495,302	3,824,435	4,080,211	4,237,835	4,367,960	4,273,728
Debt Service										
Principal retirement	5,349,796	5,424,637	4,664,880	5,220,496	18,086,533	5,118,024	4,850,000	8,625,000	6,905,000	9,275,000
Interest	2,066,631	1,835,199	1,661,003	1,616,778	1,528,829	1,788,808	1,615,725	2,827,016	3,745,578	6,169,326
Bond issuance costs	51,663	-	-	123,931	503,979	-	155,239	223,553	529,457	118,027
Capital outlay	12,847,882	17,073,402	8,517,860	13,923,767	26,614,261	11,953,996	51,844,299	39,052,752	70,133,504	17,207,904
Economic development	-	-	-	-	405,435	951,268	864,697	870,588	878,578	861,560
Total expenditures	<u>42,256,836</u>	<u>47,649,884</u>	<u>38,913,294</u>	<u>45,661,512</u>	<u>73,960,780</u>	<u>48,468,927</u>	<u>89,581,374</u>	<u>84,113,649</u>	<u>115,031,681</u>	<u>69,303,959</u>
Revenues (under) expenditures	(7,223,091)	(10,427,557)	(674,037)	(1,870,618)	(26,281,076)	(2,971,829)	(38,150,707)	(26,603,602)	(54,868,868)	684,203
Other financing sources (uses)										
Debt issuance	-	-	-	7,170,000	16,975,000	-	25,000,000	31,940,000	70,775,000	4,000,000
Refunding bonds issued	1,525,000	-	-	1,930,000	10,110,000	-	-	-	4,290,000	5,470,000
Payment to refunded bondholders	(2,655,000)	-	-	(1,930,000)	-	-	-	-	(4,675,000)	(7,245,000)
Premium on debt issuance	-	-	-	92,774	773,546	-	2,863,698	3,287,871	9,840,127	1,206,669
Premium on refunding bonds	33,592	-	-	50,769	673,841	-	-	-	482,659	91,796
Payment received on note	-	-	-	1,375,000	-	-	-	-	-	-
Sale of capital assets	1,124,436	2,290,798	17,586	146,554	23,811	755,648	2,363,887	5,553,794	241,682	4,434,799
Transfers in	6,595,012	6,424,043	4,731,710	10,978,139	19,728,745	11,965,394	36,237,414	44,274,635	75,835,185	20,581,027
Transfers out	(4,466,779)	(4,432,413)	(3,512,710)	(9,682,298)	(17,617,211)	(9,734,034)	(33,864,867)	(41,722,453)	(73,186,521)	(17,881,180)
Total other financing sources	<u>2,156,261</u>	<u>4,282,428</u>	<u>1,236,586</u>	<u>10,130,938</u>	<u>30,667,732</u>	<u>2,987,008</u>	<u>32,600,132</u>	<u>43,333,847</u>	<u>83,603,132</u>	<u>10,658,111</u>
Net change in fund balances	\$ <u>(5,066,830)</u>	\$ <u>(6,145,129)</u>	\$ <u>562,549</u>	\$ <u>8,260,320</u>	\$ <u>4,386,656</u>	\$ <u>15,179</u>	\$ <u>(5,550,575)</u>	\$ <u>16,730,245</u>	\$ <u>28,734,264</u>	\$ <u>11,342,314</u>
Debt Service as a percentage of noncapital expenditures	22.5% (1)	20.5% (1)	18.9% (1)	19.0% (1)	38.3% (1)	16.9% (1)	15.9% (1)	24.4% (1)	22.5%	27.9%

Notes:
(1) Restated.

Schedule 5
Park City Municipal Corporation, Utah
General Government Tax Revenues by Source (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Tax	Resort Tax	Total
2011	\$ 13,217,398	\$ 3,966,554	\$ 2,906,982	\$ 5,022,250	\$ 25,113,184
2012	14,545,369	4,125,435	2,816,070	5,443,231	26,930,105
2013	14,601,807	4,187,472	3,037,407	5,561,728	27,388,414
2014	14,361,738	4,347,534	3,158,716	5,756,046	27,624,034
2015	14,590,197	4,731,904	3,061,207	6,278,858	28,662,166
2016	14,832,024	5,180,094	3,185,820	6,952,171	30,150,109
2017	14,953,711	5,620,687	3,194,392	7,327,065	31,095,855
2018	17,107,856	5,915,331	3,147,847	8,032,584	34,203,618
2019	17,336,112	6,403,710	3,230,881	8,723,912	35,694,615
2020	21,869,486	6,389,540	3,161,759	8,570,948	39,991,733
Change:					
2011-2020	65.5%	61.1%	8.8%	70.7%	59.2%

Note:

(1) Includes general fund, capital improvement fund and debt service funds.

Schedule 6
Park City Municipal Corporation, Utah
Assessed Value of Taxable Property Excluding Fee-In-Lieu
Summit and Wasatch Counties Combined (1)
Last Ten Calendar Years
(in thousands of dollars)

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Total Assessed Value</u>	<u>Total Estimated Actual Value of Taxable Property</u>	<u>Total Direct Tax Rate</u>
2010	\$ 5,501,360	\$ 552,927	\$ 344,217	\$ 6,398,504	\$ 7,261,898	0.002130 %
2011	5,858,428	781,086	457,203	7,096,717	7,941,327	0.002236
2012	5,821,784	770,866	417,491	7,010,141	7,826,836	0.002197
2013	5,937,313	678,855	401,319	7,017,488	7,835,845	0.002131
2014	6,274,164	679,149	389,160	7,342,473	8,215,313	0.002067
2015	6,740,782	689,374	390,248	7,820,404	8,748,413	0.001972
2016	7,112,582	739,074	376,177	8,227,833	9,195,067	0.001884
2017	7,491,154	780,964	375,229	8,647,347	9,658,862	0.002059
2018	8,380,192	857,857	89,161	9,327,210	10,436,645	0.001934
2019	9,197,865	814,250	91,437	10,103,552	11,331,385	0.002125

Source: Utah State Tax Commission, Property Tax Division

Note:

(1) Starting in 2013 the City uses the Utah State Tax Commission as the source to obtain more accurate information, data was updated for all years shown for comparison.

Schedule 7
Park City Municipal Corporation, Utah
Assessed Value of Taxable Property Including Fee-In-Lieu
Summit and Wasatch Counties Combined (1)
Last Ten Calendar Years
(in thousands of dollars)

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Miscellaneous Property</u>	<u>Fee-In-Lieu Value</u>	<u>Total Assessed Value</u>
2010	\$ 5,501,360	\$ 552,927	\$ 344,217	\$ 13,509	\$ 6,412,013
2011	5,858,428	781,086	457,203	12,755 (2)	7,109,472
2012	5,821,784	770,866	417,491	13,179	7,023,320
2013	5,937,313	678,855	401,319	13,820	7,031,308
2014	6,274,164	679,149	389,160	14,560	7,357,033
2015	6,740,782	689,374	390,248	14,252	7,834,656
2016	7,112,582	739,074	376,177	14,809	8,242,642
2017	7,491,154	780,964	375,229	14,814	8,662,161
2018	8,380,192	857,857	89,161	17,484	9,344,694
2019	9,197,865	814,250	91,437	15,657	10,119,209

Source: Utah State Tax Commission, Property Tax Division

Notes:

(1) Starting in 2013 the City uses the Utah State Tax Commission as the source to obtain more accurate information, data was updated for all years shown for comparison.

(2) The State's method of calculating the Fee-In-Lieu was changed in 2011, previous years were recalculated using the new formula.

Schedule 8
Park City Municipal Corporation, Utah
Taxable Retail Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Apparel stores	\$ 21,833	\$ 25,919	\$ 24,069	\$ 22,927	\$ 25,777	\$ 35,245	\$ 34,510	\$ 65,299	\$ 67,912	\$ 72,213
Food stores	60,269	64,592	67,066	56,238	57,809	60,862	64,630	67,490	65,618	70,454
Sporting goods, hobby, book and music	35,891	40,163	38,638	40,609	40,524	43,363	45,380	47,282	48,461	51,007
Home furnishings and appliances	21,785	21,745	20,849	12,394	12,730	12,735	14,806	12,250	17,707	14,500
Building materials and farm tools	2,735	2,704	2,819	3,654	3,652	5,695	6,199	4,750	5,000	6,000
Miscellaneous retail stores	26,427	26,894	27,985	25,884	29,162	30,691	31,403	13,044	16,331	29,821
All other outlets	<u>3,698</u>	<u>3,484</u>	<u>3,674</u>	<u>4,452</u>	<u>4,329</u>	<u>4,283</u>	<u>5,240</u>	<u>1,989</u>	<u>3,314</u>	<u>3,875</u>
Total	\$ <u>172,638</u>	\$ <u>185,501</u>	\$ <u>185,100</u>	\$ <u>166,158</u>	\$ <u>173,983</u>	\$ <u>192,874</u>	\$ <u>202,168</u>	\$ <u>212,104</u>	\$ <u>224,343</u>	\$ <u>247,870</u>
City direct sales tax rate	2.40 %	2.40 %	2.40 %	2.90 %	2.90 %	2.90 %	2.90 %	3.15 %	3.15 %	3.15 %

Source: Utah State Tax Commission website: Taxable Sales by Major City

**Schedule 9
Park City Municipal Corporation, Utah
Direct and Overlapping Property Tax Rates
Last Ten Calendar Years**

Calendar Year	City Direct Rates			Overlapping Rates						Total Levy for Park City Residents
	Basic Rate	General Obligation Debt Service	Total Direct	Summit County Levy	State Assessment/Collecting	Weber Basin Water	Park City Fire	Park City School	Summit Co. Mosquito Abatement	
2010	0.001389	0.000741	0.002130	0.000895	0.000228	0.000207	0.001070	0.004360	0.000040	0.008930
2011	0.001383	0.000853	0.002236	0.000924	0.000241	0.000217	0.001161	0.004405	0.000040	0.009224
2012	0.001431	0.000766	0.002197	0.000943	0.000239	0.000215	0.000987	0.004924	0.000041	0.009546
2013	0.001385	0.000746	0.002131	0.000909	0.000226	0.000210	0.000950	0.004630	0.000040	0.009096
2014	0.001248	0.000819	0.002067	0.000826	0.000222	0.000199	0.000907	0.004770	0.000038	0.009029
2015	0.001362	0.000610	0.001972	0.000767	0.000205	0.000199	0.000841	0.004461	0.000035	0.008480
2016	0.001304	0.000580	0.001884	0.000726	0.000191	0.000187	0.000793	0.004220	0.000033	0.008034
2017	0.001237	0.000822	0.002059	0.000680	0.000183	0.000174	0.000742	0.003951	0.000031	0.007820
2018	0.001202	0.000732	0.001934	0.000831	0.000169	0.000164	0.000726	0.004408	0.000030	0.008262
2019	0.001107	0.001018	0.002125	0.000756	0.000155	0.000153	0.000667	0.004411	0.000027	0.008294

Tax Rate (per \$1 of taxable value)

Source: Summit County property tax notices.

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

Schedule 10
Park City Municipal Corporation, Utah
Direct and Overlapping Sales Tax Rates
Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Direct Rate</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>Total</u>
2011	2.40 %	0.35 %	4.70 %	7.45 %
2012	2.40	0.35	4.70	7.45
2013	2.90 (1)	0.35	4.70	7.95
2014	2.90	0.35	4.70	7.95
2015	2.90	0.35	4.70	7.95
2016	2.90	0.35	4.70	7.95
2017	3.15 (2)	0.60 (3)	4.70	8.45
2018	3.15	0.85 (4)	4.70	8.70
2019	3.15	1.05 (5)	4.85	9.05
2020	3.15	1.05	4.85	9.05

Source: Utah State Tax Commission

Notes:

- (1) Includes 0.50 percent Additional Resort Communities Sales and Use Tax implemented in calendar year 2013.
- (2) Includes 0.25 percent Additional Mass Transit Tax implemented in calendar year 2017.
- (3) Includes 0.25 percent County Option Transportation Tax implemented in calendar year 2017.
- (4) Includes 0.25 percent County Transportation Infrastructure Tax implemented in calendar year 2018.
- (5) Includes 0.20 percent County Option for Public Transit Tax implemented in calendar year 2019.

Schedule 11
Park City Municipal Corporation, Utah
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Talisker Empire Pass Hotel LLC (Montage)	\$ 158,714,000	1	1.73 %	\$ -	-	- %
Marriott Ownership Resorts	115,931,590	2	1.26	114,503,400	1	1.89
VR CPC Holdings Inc. (Vail Resorts)	35,108,068	3	0.38	-	-	-
Deer Valley Resort	26,261,770	4	0.29	46,545,072	2	0.77
Chateaux at Silver Lake	21,900,400	5	0.24	22,274,969	4	0.37
Redus Park City LLC	20,395,700	6	0.22	-	-	-
Silver Lake Development Corp.	19,540,360	7	0.21	-	-	-
Dahnke Scott (JT)	16,905,512	8	0.18	-	-	-
HA Daisy Yoonhee Trustee	16,630,000	9	0.18 (1)	-	-	-
DVP LLC	16,356,150	10	0.18	-	-	-
Flagstaff Residences, LLC	-	-	-	29,359,000	3	0.48
Silver Lake Associates	-	-	-	19,540,360	5	0.32
DMC Services LLC	-	-	-	16,609,980	6	0.27
Powder Development Company	-	-	-	15,050,268	7	0.25
Wintzer Wolfe Properties	-	-	-	14,349,994	8	0.24
Sunstone Sidewinder LLC	-	-	-	13,259,842	9	0.22
Pacificorp	-	-	-	10,834,760	10	0.18
Totals	\$ <u>447,743,550</u>		<u>4.87 %</u>	\$ <u>302,327,645</u>		<u>4.99 %</u>

Source: Summit County Treasurer and Park City Finance Department.

Note:

(1) Per Summit County, this is an accumulation of 98 properties.

Schedule 12
Park City Municipal Corporation, Utah
City Tax Revenue Collected by County
Last Ten Calendar Years

Tax Year End 12/31	Original Levy (1)	Adjusted Levy	Collected Within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount (2)	Percent of Adjusted Levy		Amount (2)	Percent of Net Levy
Summit County							
2010	12,984,657	12,918,445	12,060,672	93.36	839,167	12,899,839	99.86
2011	12,750,981	14,170,463	13,579,302	95.83	568,229	14,147,531	99.84
2012	14,655,626	14,650,150	13,275,742	90.62	1,368,069 (3)	14,643,811	99.96
2013	14,236,860	14,370,289	13,637,854	94.90	720,856	14,358,710	99.92
2014	14,451,389	14,602,592	13,714,698	93.92	879,744	14,594,442	99.94
2015	14,747,175	14,862,169	14,731,910	99.12	111,730	14,843,640	99.88
2016	14,856,934	14,971,905	14,908,200	99.57	45,527	14,953,727	99.88
2017	17,140,149	17,267,457	17,167,415	99.42	50,560	17,217,975	99.71
2018	17,403,473	17,509,334	17,342,944	99.05	28,486	17,371,430	99.21
2019	20,759,599	20,689,208	19,523,979	94.37	-	19,523,979	94.37
Wasatch County							
2010	723,334	711,980	711,980	100.00	-	711,980	100.00
2011	568,568	521,424	521,424	100.00	-	521,424	100.00
2012	586,238	583,467	583,467	100.00	-	583,467	100.00
2013	608,641	605,996	605,996	100.00	-	605,996	100.00
2014	611,098	611,098	611,098	100.00	-	611,098	100.00
2015	588,597	580,842	580,842	100.00	-	580,842	100.00
2016	582,082	581,989	570,597	98.04	-	570,597 (4)	98.04
2017	639,263	640,331	633,356	98.91	-	633,356 (4)	98.91
2018	626,749	624,919	608,868	97.43	-	608,868 (4)	97.43
2019	729,099	739,991	737,765	99.70	-	737,765	99.70

Source: Summit and Wasatch County Annual Financial Reports.

Notes:

- (1) Excludes redevelopment agencies valuation.
- (2) Total collection amounts do not include any fee-in-lieu payments.
- (3) Increase was due to miscoding, by Summit County, of a large portion of Flagstaff Annexation, which was corrected in calendar year 2013, and property taxes paid.
- (4) Prior year collection data not available for Wasatch County.

Schedule 13
Park City Municipal Corporation, Utah
Property Tax Levies and Collections (1)
Last Ten Calendar Years

<u>Calendar Year Ended December 31,</u>	<u>Taxes Levied for the Calendar Year</u>	<u>Collected within the Calendar Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2010	\$ 13,630,425	\$ 12,772,652	93.71 %	\$ 839,167	\$ 13,611,819	99.86 %
2011	14,691,887	14,100,726	95.98	568,229	14,668,955	99.84
2012	15,233,617	13,859,209	90.98	1,368,069 (2)	15,227,278	99.96
2013	14,976,285	14,243,850	95.11	720,856	14,964,706	99.92
2014	15,213,690	14,325,796	94.16	879,744	15,205,540	99.95
2015	15,443,011	15,312,752	99.16	111,730	15,424,482	99.88
2016	15,553,894	15,478,797	99.52	45,527	15,524,324	99.81
2017	17,907,788	17,800,771	99.40	50,560	17,851,331	99.68
2018	18,134,253	17,951,812	98.99	28,486	17,980,298	99.15
2019	21,429,199	20,261,744	94.55	-	20,261,744	94.55

Source: Summit and Wasatch County Annual Financial Reports, and Park City Finance Department.

Notes:

- (1) Includes general fund and debt service funds.
- (2) Increase was due to miscoding, by Summit County, of a large portion of Flagstaff Annexation, which was corrected in calendar year 2013, and property taxes paid.

Schedule 14
Park City Municipal Corporation, Utah
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Sales Tax Increment Bonds (1)	Municipal Building Authority	Contracts Payable	Water Bonds (1)	Contracts Payable			
2011	\$ 36,535,828	\$ 11,964,909 (3)	\$ 244,981	\$ 404,589	\$ 41,653,443	\$ -	\$ 90,803,750	3.87 %	\$ 11,954
2012	33,168,627	10,167,292	-	334,933	44,329,011 (4)	-	87,999,863	3.52	11,660
2013	29,701,426	8,994,028	-	2,760,053	46,853,772 (5)	-	88,309,279	3.17	11,466
2014	33,018,370 (6)	7,785,764	-	2,679,557	48,237,837 (7)	-	91,721,528	3.20	11,650
2015	29,298,159 (8)	24,334,866 (9)	-	93,024	45,184,477	-	98,910,526	3.21	12,275
2016	26,009,111	22,393,581	-	-	42,041,117	-	90,443,809	4.19	11,127
2017	50,485,922 (10)	20,715,393	-	-	38,797,758	-	109,999,073	3.74	13,254
2018	45,273,366	52,003,833 (11)	-	-	35,419,397	-	132,696,597	3.30	15,839
2019	91,632,655 (12)	78,605,090 (13)	-	-	31,906,489	-	202,144,235	2.73	24,414
2020	89,738,177 (14)	73,389,583	-	-	100,237,316 (15)	3,180,985 (16)	266,546,063	2.07	31,403

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

- (1) Presented net of original issuance discounts and premiums.
- (2) See Schedule 20 for personal income and population data.
- (3) The City issued Sales Tax Bonds Series 2010 for \$1.5 million in fiscal year 2011.
- (4) The City issued Water Revenue Bonds Series 2012 for \$4.2 million in fiscal year 2012.
- (5) The City issued Water Revenue Bonds Series 2012B, 2013A and 2013B for \$8.6 million in fiscal year 2013.
- (6) The City issued GO Bonds Series 2013 for \$9.1 million in fiscal year 2014.
- (7) The City issued Water Revenue Bonds Series 2014 for \$4.1 million in fiscal year 2014.
- (8) The City issued GO Bonds Series 2014 for \$3.4 million in fiscal year 2015.
- (9) The City issued Sales Tax Bonds Series 2014A for \$6.7 million, Series 2014B for \$5.4 million, and Series 2015 for \$11.6 million in fiscal year 2015.
- (10) The City issued GO Bonds Series 2017 for \$27.8 million in fiscal year 2017.
- (11) The City issued Sales Tax Bonds Series 2017 for \$31.9 million, in fiscal year 2018.
- (12) The City issued GO Bonds Series 2019 for \$48.3 million in fiscal year 2019.
- (13) The City issued Sales Tax Bonds Series 2019 for \$26.8 million, in fiscal year 2019.
- (14) The City issued GO Bonds Series 2020 for \$9.5 million in fiscal year 2020.
- (15) The City issued Water Revenue Bonds Series 2020 for \$75.5 million in fiscal year 2020.
- (16) The City entered into an agreement with Weber Basin Water Conservancy District for \$3.2 million in fiscal year 2020.

Schedule 15
Park City Municipal Corporation, Utah
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Percentage of Actual Property Value (2)</u>	<u>Per Capita (3)</u>
2011	\$ 36,535,828	0.50 %	\$ 4,810
2012	33,168,627	0.42	4,395
2013	29,701,426	0.38	3,856
2014	33,018,370	0.42	4,194
2015	29,298,159	0.36	3,636
2016	26,009,111	0.30	3,200
2017	50,485,922	0.55	6,083
2018	45,273,366	0.47	5,404
2019	91,632,655	0.88	11,067
2020	89,738,177	0.79	10,572

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements

- (1) Presented net of original issuance discounts and premiums.
- (2) See Schedule 6 for property value data.
- (3) See Schedule 20 for population and personal income data.

Schedule 16
Park City Municipal Corporation, Utah
Direct and Overlapping Governmental Activities Debt (2)
As of June 30, 2020

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to Park City (1)</u>	<u>Estimated Amount Applicable to Park City</u>
Debt repaid with property taxes			
Snyderville Basin Recreation District Tax District	\$ 26,565,000	11.47 %	\$ 3,047,006
Wasatch County	1,025,000	3.96	40,590
Wasatch County School District	93,996,878	3.96	3,722,276
Weber Basin Water Conservancy District	10,870,000	14.63	1,590,281
Other debt			
Summit County	25,736,000	44.50	11,452,520
Wasatch County	6,435,000	3.96	254,826
Subtotal, overlapping debt			20,107,499
City direct debt			<u>163,127,760</u>
Total direct and overlapping			<u>\$ 183,235,259</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Utah State Tax Commission. Debt outstanding data provided by each governmental unit.

Notes:

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- (2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Park City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule 17
Park City Municipal Corporation, Utah
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 273,828,091	\$ 266,103,174	\$ 269,015,017	\$ 280,699,514	\$ 293,698,934	\$ 312,816,159	\$ 329,113,324	\$ 345,893,884	\$ 373,088,393	\$ 404,142,080
Total net debt applicable to limit	<u>36,535,828</u>	<u>33,168,627</u>	<u>29,701,426</u>	<u>33,018,370</u>	<u>29,298,159</u>	<u>26,009,111</u>	<u>50,485,922</u>	<u>45,273,366</u>	<u>91,632,655</u>	<u>89,738,177</u>
Legal debt margin	<u>\$ 237,292,263</u>	<u>\$ 232,934,547</u>	<u>\$ 239,313,591</u>	<u>\$ 247,681,144</u>	<u>\$ 264,400,775</u>	<u>\$ 286,807,048</u>	<u>\$ 278,627,402</u>	<u>\$ 300,620,518</u>	<u>\$ 281,455,738</u>	<u>\$ 314,403,903</u>
Total net debt applicable to the limit as a percentage of debt limit	13.34%	12.46%	11.04%	11.76%	9.98%	8.31%	15.34%	13.09%	24.56%	22.20%

Legal Debt Margin Calculation for Fiscal Year 2020

Total assessed value	<u>\$ 10,103,552,000</u>
Debt limit - 4.0% of total assessed value	\$ 404,142,080
Amount of debt applicable to debt limits:	
General Obligation Bonds 2013A, 2017, 2019 and 2020	89,738,177
Less: Amount available for repayment of general obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>89,738,177</u>
Legal debt margin	<u>\$ 314,403,903</u>

Notes: Under Utah State Law, Park City's outstanding general obligation debt should not exceed 4.0 percent of total assessed property value. The general obligation debt subject to the limitation may be offset by resources set aside for the repayment of the principal that are externally restricted.

Schedule 18
Park City Municipal Corporation, Utah
Pledged-Revenue Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Sales Tax Increment Bonds</u>				<u>Coverage</u>
	<u>Sales Tax Increment</u>	<u>Debt Service</u>			
		<u>Principal</u>	<u>Interest</u>		
2011	\$ 8,988,804	\$ 1,445,000	\$ 501,680	4.6	
2012	9,568,666	1,785,000	465,813	4.3	
2013	9,749,200	1,165,000	401,587	6.2	
2014	10,103,580	1,200,000	359,863	6.5	
2015	11,010,762	8,350,000	383,012	1.3	
2016	12,132,265	1,810,000	782,290	4.7	
2017	12,947,752	1,550,000	705,380	5.7	
2018	13,947,915	3,680,000	1,351,082	2.8	
2019	15,127,622	3,240,000	2,110,324	2.8	
2020	14,960,488	4,625,000	2,792,440	2.0	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Schedule 19 for information on water revenue bond coverage.

Schedule 19
Park City Municipal Corporation, Utah
Water Fund Refunding and Revenue Bonds
Schedule of Net Revenues to Aggregate Debt Service
As of June 30, 2020

		<u>Coverage Ratio</u>	
		<u>Actual</u>	<u>Minimum</u>
Net revenues (change in net position)	\$ 2,599,792		
Add			
Excluded transfer to general fund	1,541,405		
Depreciation and amortization	3,582,658		
Bond interest expense	<u>1,043,990</u>		
Revenues pledged to debt	<u>8,767,845</u>	1.97	1.20

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009A Water Bonds-DEQ	\$ 125,000	\$ -	\$ 125,000
2009B Water Revenue and Refunding Bonds	-	-	-
2009C Water Revenue Bonds	1,900,000	488,609	2,388,609
2010 Water Revenue Bonds	870,000	150,340	1,020,340
2012 Water Revenue Bonds	280,000	57,088	337,088
2012B Water Revenue and Refunding Bonds	-	116,068	116,068
2013A Water Revenue	235,000	29,228	264,228
2014 Water Revenue Bonds	-	115,043	115,043
2020 Water Revenue Bonds	<u>-</u>	<u>87,614</u>	<u>87,614</u>
	\$ 3,410,000	\$ 1,043,990	\$ 4,453,990

Less water development fees and capital contributions collected in fiscal year 2020 (1,777,154)

Net revenues less development fees and capital contributions \$ 6,990,691 1.57 1.00

Year	Net Revenue (Loss)	Gross Revenues (Less Development Fees) Available for Debt Service	Total Debt Service	Coverage	Gross Revenue Available for Debt Service	Debt	Coverage
2011	\$ 372,687	\$ 3,408,046	\$ 3,004,182	1.13	\$ 3,856,339	\$ 3,004,182	1.28
2012	928,730	4,262,970	3,000,782	1.42	4,765,325	3,000,782	1.59
2013	2,256,909	6,115,611	4,069,154	1.50	6,827,075	4,069,154	1.68
2014	3,644,383	6,603,287	4,124,483	1.60	8,314,345	4,124,483	2.02
2015	5,862,508	7,781,536	4,254,867	1.83	11,530,762	4,254,867	2.71
2016	3,074,564	7,474,148	4,247,871	1.76	8,657,335	4,247,871	2.04
2017	4,972,598	9,821,604	4,245,164	2.31	10,912,626	4,245,164	2.57
2018	5,484,037	10,299,731	4,245,644	2.43	11,555,071	4,245,644	2.72
2019	6,190,191	10,256,385	4,399,869	2.33	12,345,168	4,399,869	2.81
2020	2,599,792	6,990,691	4,453,990	1.57	8,767,845	4,453,990	1.97

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

Schedule 20
Park City Municipal Corporation, Utah
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
2011	7,596	\$ 2,281,691	\$ 61,719	37.4	4,351	6.6 %
2012	7,547	2,503,395	68,524	35.7	4,400	6.0
2013	7,702	2,730,934	72,643	37.4	4,421	4.0
2014	7,873	2,944,020	77,468	34.9	4,630	3.1
2015	8,058	3,177,339	82,558	38.8	4,739	3.2
2016	8,128	3,784,040	96,766	38.5	4,763	3.4
2017	8,299	4,110,805	102,053	40.4	4,891	3.1
2018	8,378	4,380,364	108,675	40.6	4,824	2.9
2019	8,280	5,518,624 (2)	131,606 (2)	40.3	4,780	2.7
2020	8,488	5,518,624 (3)	131,606 (3)	39.3	4,816	9.8

Sources:

Utah Department of Workforce Services
Park City School District
Park City Chamber & Visitors Bureau
Summit County Annual Financial Reports

Notes:

- (1) Applies to Summit County.
- (2) Personal Income and Per Capita Personal Income from 2019 was updated by Summit County in October 2020.
- (3) Most recent data for Personal Income and Per Capita Personal Income is 2019.

Schedule 21
Park City Municipal Corporation, Utah
Principal Employers
Current Year and Nine Years Ago

Employer	2020 (1)				2011 (2)			
	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment (3)
Royal Street of Utah ET AL (Deer Valley Resort)	2999	2,000	1	12.33 %	2600	750	1	20.38 %
Park City Mountain Resort	1999	1000	2	8.22	1175	120	2	9.21
Montage Hotels & Resorts, LLC	999	500	3	4.11	-	-	-	-
Stein Eriksen Lodge	999	500	4	2.75	520	326	4	4.08
Park City School District	670	669	5	2.75	800	705	3	6.27
Park City Municipal Corporation	656	513	6	4.11	429	393	6	3.91
IHC/Park City Surgical Center	499	250	7	2.05	499	250	5	3.36
High West Saloon, LLC	249	100	8	1.02	-	-	-	-
Hotel Park City	249	100	9	1.02	-	-	-	-
United States Ski & Snowboard Association	249	100	10	1.02	249	100	7	1.95
Premier Resorts of Utah	-	-	-	-	-	-	-	-
Park City Marriott (Olympia Park Hotel)	-	-	-	-	-	-	-	-
Jan's	-	-	-	-	202	93	8	1.58
Fresh Market (Albertson's)	-	-	-	-	155	80	9	1.22
Sunstone Hotel/Marriott Park City	-	-	-	-	140	105	10	1.10
Total	9,568	5,732		39.38 %	6,769	2,922		53.06 %

- Notes:
- (1) Current numbers are from respective employers and Utah Department of Workforce Services.
 - (2) Prior year's numbers are from Summit County and Utah Department of Workforce Services.
 - (3) Percentage is based on the maximum number of employees in the range divided by the total labor force of Summit County.

Schedule 22
Park City Municipal Corporation, Utah
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Full-time Equivalent Employees										
General government										
Executive	4.5	5.1	5.5	5.1	4.0	4.0	4.1	4.6	6.0 (6)	6.0
Finance	6.8	6.8	6.8	6.7	6.7	6.7	6.7	6.6	6.2	6.7
Human resources	6.9	6.9	5.3	5.1	5.1	5.1	5.1	5.1	6.3	6.3
Budget, debt and grants	2.0	2.0	1.3	3.0	3.3	3.3	3.3	3.3	3.5	3.1
Planning	6.0	7.0	7.0	8.0	9.0	9.2	9.7	10.0	10.2	10.2
Building	14.8	13.0	13.0	13.0	15.0	16.0	17.3	17.6	19.2	20.2
Engineering	3.0	2.8	2.7	2.8	2.8	4.0	4.3	4.8	5.5	5.5
Legal	7.8	7.8	7.0	7.0	7.0	7.0	7.0	7.0	7.1	7.1
Sustainability	6.0	9.8	9.7	10.9	11.3	11.3	12.3	13.8	12.8	13.8
I.T.	9.8 (1)	9.8	10.8	9.5	9.5	9.5	9.5	8.5	8.5	8.5
Other	5.5	5.0	5.1	5.0	6.0	6.0	6.0	6.0	7.5	9.9 (7)
Public safety										
Police	34.9	34.0	33.9	34.6	34.0	34.0	36.5	41.1	41.3	43.6
Communication center	10.0	10.0	10.4	10.4	10.4	10.4	10.4	2.5	-	-
Other	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Public works										
Transit	81.8	82.5	82.9	80.8	77.2	75.6	75.7	107.8 (5)	123.8 (5)	124.6
Fleet services	8.0	8.0	8.0	8.0	9.4	9.8	9.8	9.9	10.1	9.9
Parking	-	-	-	7.8 (2)	8.0	8.2	8.2	10.5	12.5	10.7
Street maintenance	17.5	17.5	17.5	17.4	17.3	17.0	14.8	15.3	15.3	17.2
Parks and cemetery	17.3	18.8	18.2	18.2	18.6	19.0	19.0	19.0	19.0	19.3
Other	9.6	9.6	9.6	9.0	9.0	9.0	9.0	9.0	9.0	8.5
Library and recreation										
Library	11.2	11.4	11.4	11.4	11.4	11.9	12.3	13.0	13.5	13.5
Golf	5.7	5.5	5.4	5.2	6.0	6.0	7.8	7.8	8.1	8.1
Recreation	27.4	27.3	29.9	29.7	28.2	28.2	29.3	27.8	27.0	27.0
Tennis	6.9	7.4	7.9	4.0	4.7	4.7	4.7	5.2	2.9	2.9
Ice	11.0	11.0	9.0	8.4	11.4	11.3	12.3	11.3	11.3	11.6
Water										
Water billing	1.0	1.0	1.0	1.0	- (3)	-	-	-	-	-
Water operations	17.5	17.6	21.9	21.9	23.0	24.4	26.5	27.5	29.5	29.2
Stormwater										
Stormwater operations	-	-	-	-	-	-	6.1 (4)	6.6	6.6	5.9
Total	334.4	339.1	342.7	345.4	349.8	353.1	369.2	403.1	424.2	430.8

Source: Park City Budget Department.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

- (1) In 2011 the IT Department was taken out of other and listed individually.
- (2) In 2014 the Parking Department was added, until that time it had been outsourced.
- (3) In 2015 Water Billing was combined with Water Operations.
- (4) In 2017 the Stormwater Operations Department was created.
- (5) Significant increase in transit operators and total route miles.
- (6) McPolin Barn FTE transferred from Recreation to Executive.
- (7) In 2020 the Social Equity position was created.

Schedule 23
Park City Municipal Corporation, Utah
Population Statistics

Census:	Calendar Year	Park City Population	Percent Change from Prior Period	Summit County Population	Percent Change from Prior Period
	1950	2,254	- %	6,745	- %
	1960	1,366	(39.40)	5,673	(15.89)
	1970	1,193	(12.66)	5,879	3.63
	1980	2,823	136.63	10,198	73.46
	1990	4,430	56.93	15,518	52.17
	2000	6,500	46.73	29,736	91.62
	2010	7,596	(4.81)	40,451	36.03
	2011	7,547	(0.65)	36,324	(10.20)
	2012	7,702	2.05	37,208	2.43
	2013	7,873	2.22	38,003	2.14
	2014	8,058	2.35	39,105	2.90
	2015	8,128	0.87	39,633	1.35
	2016	8,299	2.10	40,307	1.70
	2017	8,378	0.95	41,106	1.98
	2018	8,280	(1.17)	41,933	2.01
	2019	8,488	2.51	42,145	0.51

Age distribution of 2019 population:

Age	Number	Percent
Under 5 Years	319	3.76 %
5-14	978	11.52
15-24	1,230	14.49
25-34	1,380	16.26
35-44	1,034	12.18
45-54	1,221	14.39
55-64	1,227	14.46
65-74	837	9.86
75 and over	262	3.08
	8,488	100.00 %

Median age: 39.3

Sources:

U.S. Census Bureau, ACS Demographic and Housing Estimates
Utah Department of Workforce Services
Park City Chamber & Visitors Bureau

Schedule 24
Park City Municipal Corporation, Utah
Transient Room Capacity as a Percentage of Population
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Transient Room Capacity (1)</u>	<u>Park City Population</u>	<u>Resort Percentage</u>
2011	27,178	7,596	358 %
2012	27,178	7,547	360
2013	28,275	7,702	367
2014	28,275	7,873	359
2015	28,275	8,058	351
2016	28,275	8,128	348
2017	23,119	8,299	279
2018	27,422	8,378	327
2019	27,422	8,280	331
2020	28,670	8,488	338

Sources:

Park City Chamber/Visitor Bureau

Note:

(1) Beginning in 2019, the City used Park City Chamber/Visitor Bureau data for room capacity and restated all previous year's data for consistency.

Schedule 25
Park City Municipal Corporation, Utah
Historical Pledged Taxes
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pledged Sales & Use Taxes</u>	<u>% Change From Prior Year</u>	<u>Pledged Resort Tax (3)</u>	<u>% Change From Prior Year</u>	<u>Pledged Municipal Transient Room Tax</u>	<u>% Change From Prior Year</u>	<u>Total Pledged Taxes</u>	<u>% Change From Prior Year</u>
2011	\$ 3,966,554	(0.6) %	\$ 6,696,333	12.0 %	\$ -	n/a %	\$ 10,662,887	7.0 %
2012	4,125,435	4.0	7,257,641	8.4	-	n/a	11,383,076	6.8
2013	4,187,472	1.5	7,837,545 (1)	8.0	-	n/a	12,025,017	5.6
2014	4,347,534	3.8	11,070,470 (2)	41.2	-	n/a	15,418,004	28.2
2015	4,731,904	8.8	12,158,993	9.8	-	n/a	16,890,897	9.6
2016	5,180,094	9.5	13,472,260	10.8	-	n/a	18,652,354	10.4
2017	5,620,687	8.5	14,695,621	9.1	-	n/a	20,316,308	8.9
2018	5,915,331	5.2	15,576,576	6.0	1,592,720 (4)	n/a	23,084,627	13.6
2019	6,403,710	8.3	16,915,887	8.6	2,733,084	71.6	26,052,681	12.9
2020	6,389,540	(0.2)	16,624,398	(1.7)	2,692,669	(1.5)	25,706,607	(1.3)

Notes:

- (1) Beginning in fiscal year 2013 the City began reporting 25 percent of the 1.1 percent Resort Communities Tax to transit-related projects and improvements.
- (2) The 0.50 percent Additional Resort Communities Sales and Use Tax implemented in fiscal year 2013, went into effect in fiscal year 2014.
- (3) 2010-2018 restated to include the full Resort Sales and Use Tax applicable to each year.
- (4) The 1.0 percent Municipal Transient Room Tax was implemented on January 1, 2018.

Schedule 26
Park City Municipal Corporation, Utah
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	583	468	616	623	516	506	449	426	318	255
Parking citations	102	342	326	219	282	236	291	129	132	214
Traffic citations	1,984	963	950	904	454	966	712	697	608	761
Public works										
Street resurfacing (tons of asphalt)	5,500	4,616	4,616	5,133	5,526	6,034	5,486	6,500	6,000	8,200
Potholes repaired	275	235	230	240	210	380	400	200	800	1,100
Water										
Number of customers	5,161	5,171	5,180	5,203	5,226	5,230	5,276	5,331	5,450	5,502
New connections	26	10	22	37	42	56	56	75	82	100
Average daily consumption (Tgal)	4,152	4,915	4,822	4,660	4,430	4,647	4,890	3,475	3,475	4,326
Peak daily consumption (Tgal)	8,120	8,529	8,873	8,820	7,786	7,767	8,660	5,839	5,839	8,669
Average monthly billings (3/4" meter)	54.82	57.61	82.51	86.22	88	83.32	105.87	90.63	111.32	100.44
Residential billing rates										
Base rate (per 3/4" meter)	25.23	28.26	33.35	39.35	44	44.07	44.95	47.65	49.08	50.55
Base rate (per 1" meter)	34.06	45.02	45.02	53.12	59	59.49	60.68	64.32	66.25	68.24
Base rate (per 1-1/2" meter)	40.39	53.38	53.38	62.99	71	70.55	71.96	76.28	78.57	80.93
Rate per Tgal (winter months only)	4.42	5.84	5.84	6.89	8	7.72	5.60	5.94	6.12	6.30
Commercial billing rates										
Base rate (per 3/4" meter)	32.80	43.35	43.35	51.15	57	57.29	58.44	61.95	63.61	65.52
Base rate (per 1" meter)	55.50	73.35	73.35	86.55	97	96.94	98.88	104.81	107.95	111.19
Base rate (per 1-1/2" meter)	118.56	156.69	156.69	184.89	207	207.08	211.22	223.89	230.61	237.53
Base rate (per 2" meter)	247.24	326.75	326.75	385.57	432	431.84	440.48	466.91	480.92	495.35
Base rate (per 3" meter)	643.38	850.30	850.30	1,003.35	1,124	1,123.75	1,146.23	1,215.15	1,251.60	1,289.15
Base rate (per 4" meter)	1,168.14	1,543.82	1,543.82	1,821.71	2,040	2,040.32	2,081.13	2,206.00	2,272.18	2,340.35
Base rate (per 6" meter)	2,202.56	2,910.19	2,910.19	3,434.02	3,846	3,846.10	3,923.02	4,158.40	4,283.15	4,411.64
Base rate (per 8" meter)	3,792.06	5,011.59	5,011.59	5,913.67	6,623	6,623.31	6,755.78	7,161.13	7,375.96	7,597.24
Rate per 1,000 gallons	4.42	5.84	5.84	6.89	8	7.72	7.87	8.34	8.59	8.85
Building activity										
Building permits issued	903	984	1,615	1,432	1,289	1,102	999	1,422	1,252	1,575
Number of residential units	17	24	40	51	119	57	54	66	132	39
Residential value (in thousands)	9,429	15,673	21,260	40,646	64,102	30,826	36,092	48,420	97,683	68,878
Commercial value (in thousands)	8,929	198	173	14,420	17,951	3,663	8,912	40,266	46,236	125,390
Parks and recreation										
Racquet club passes	1,368	3,304 (1)	5,037	7,038	7,893	7,922	7,067	7,415	7,859	8,476
Golf rounds	25,852	29,282	30,151	30,887	29,269	29,537	30,731	29,484	27,382	30,085
Library										
Total volumes borrowed	89,174	93,626	91,955	79,709 (2)	54,262 (2)	98,930 (3)	111,388	155,683 (4)	193,795 (4)	115,463 (6)
Circulation per capita	12	12	12	10	7	12	13	13	14	14
Transit										
Total route miles	1,051,995	1,111,456	1,113,567	1,116,067	986,500	1,065,755	1,141,405	1,924,148 (5)	2,159,537	1,942,609 (6)
Passengers	1,965,455	1,934,382	1,882,533	1,823,459	1,701,758	1,798,482	2,100,455	2,288,730 (5)	2,659,826	2,394,311 (6)

Sources: Various City departments.

Notes: Indicators are not available for the general government function.

- (1) New PC MARC facility opened in December 2011, resulting in a large increase in pass sales.
- (2) Significant decrease in Library total volumes borrowed and circulation per capita in 2014 and 2015, was due to the relocation of the Library to temporary facilities, during the renovation of existing facility.
- (3) Significant increase in Library total volumes borrowed and circulation per capita in 2015 and 2016, was due to the completion of the Library renovation.
- (4) Significant increase in Library total volumes borrowed in 2018 due to a change in how electronic material was tracked (count now includes number of units instead of number of titles).
- (5) Significant increase in total route miles in 2018 was due to the addition of several new routes including the Kamas circulator.
- (6) Significant decrease is due to the COVID-19 pandemic. The City cut back on Transit routes and limited passenger numbers. Additionally, the library switched to curbside delivery for several months.

Schedule 27
Park City Municipal Corporation, Utah
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Area (sq. miles)	18	18	18	18	20	20	20	20	20	20
Police station	1	1	1	1	1	1	1	1	1	
Transit buses	37	36	36	36	37	37	38	39	47	
Public works										
Streets (lane miles)	111	111	111	126	126	126	126	126	128	128
Street lights	530	545	545	712	712	712	964	985	985	985
Water										
Fire hydrants	1,100	1,105	1,105	1,105	1,081	1,090	1,091	1,104	1,131	1,137
Water mains (miles)	130	131	132	135	137	140	142	142	142	142
Storage capacity (Tgal)	14,650	14,650	13,650	13,650	13,650	13,650	13,650	18,250	18,250	18,250
Recreation and culture										
Acreage	223	223	223	223	223	223	1,536 (1)	1,580	1,675 (3)	1,625 (4)
Parks	40	40	40	40	40	40	42	42	42	42
Covered picnic areas	4	4	4	4	4	4	6	6	6	6
Tennis courts	9	13	13	14	14	14	14	14	14	14
Soccer fields	6	6	6	6	6	6	6	6	6	6
Baseball diamonds	10	10	10	10	10	10	10	10	10	10
Library	1	1	1	1	1	1	1	1	1	1
Volumes in library	71,164	82,291	74,071	85,138	97,160	126,999	117,482	155,683 (2)	193,795 (2)	115,463 (5)
Golf course	1	1	1	1	1	1	1	1	1	1
Ice Rink	1	1	1	1	1	1	1	1	1	1

Sources: Various City departments.

Notes: Fire protection is provided by the Park City Fire District.

(1) Bonanza Flat (1,350 acres) open space was purchased in fiscal year 2017.

(2) The Library changed the way they track electronic material, resulting in a more accurate number in fiscal year 2018 and 2019.

(3) Treasure Hill (105 acres) open space was purchased in fiscal year 2019.

(4) Bonanza Flat (55 acres) sold to Salt Lake City Corporation in fiscal year 2020. Armstrong Property (5 acres) purchased in fiscal year 2020.

(5) Significant decrease is due to the COVID-19 pandemic. Additionally, the library switched to curbside delivery for several months.

Schedule 28
Park City Municipal Corporation, Utah
Schedule of Insurance in Force
As of June 30, 2020

<u>COMPANY & COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
LIBERTY MUTUAL (Property Coverage) YU2-Z51-292161-020	\$ 199,839,500	1/1/2021	\$ 187,222	
All other Perils				\$ 10,000
Flood				500,000
Earthquake				100,000
Data, Programs/Software & Computer Systems				500,000
ST. PAUL/TRAVELERS (Crime Policy) 105540277		1/1/2023	\$ 12,579	
Employee Theft - Per Loss Limit	\$ 525,000			\$ 10,000
Forgery or Alteration	500,000			10,000
Money & Securities (In & Outside)	25,000			10,000
Computer Fraud	500,000			10,000
Funds Transfer Fraud	500,000			10,000
WORKERS COMPENSATION FUND (Workers Compensation) 1638608	\$ 1,000,000	1/1/2021	\$ 153,976	\$ -
STATES RISK RETENTION GROUP (Liability) 30000233	\$ 10,000,000	1/1/2021	\$ 174,523	\$ 250,000
(General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability)				
BEAZLEY (Cyber Insurance) V29A1B200101	\$ 5,000,000	1/1/2021	\$ 32,650	\$ -
Information Security & Privacy Insurance				
GLOBAL AEROSPACE (Drone Coverage) 9007087	\$ 1,000,000	1/1/2021	\$ 625	\$ -

Notes: Indicators are not available for the general government function.

Schedule 29
Park City Municipal Corporation, Utah
Five-Year Financial Summaries
Last Five Fiscal Years

	Fiscal Year Ended June 30				
	2020	2019(1)	2018	2017 (1)	2016 (1)
ASSETS					
Cash, cash equivalents and investments held by city	\$ 91,143,933	\$ 68,768,707	\$ 66,635,201	\$ 64,906,033	\$ 77,276,957
Cash, cash equivalents and investments held by fiscal agent	71,929,505	30,394,766	11,398,912	6,380,142	6,690,285
Restricted cash, cash equivalents and investments, other	10,856,824	9,194,635 (5)	6,604,245	6,318,540	6,312,535
Receivables:					
Taxes	28,481,976	28,179,289	24,009,992	23,385,693	20,740,471
Accounts	15,297,972	11,479,937	9,079,648	11,928,740	2,553,439
Notes receivable	263,386	768,356	1,273,106	1,799,575	314,353
Inventories	935,683	864,724	794,366	665,040	772,836
Prepays	2,066,110	2,582,703	1,263,500	2,239,181	528,089
Assets held for resale	-	-	166,096	-	-
Capital assets not being depreciated:					
Land and water rights	266,062,802	264,361,177	200,070,570	178,027,967	129,838,076
Construction in progress	51,527,332	28,017,548 (5)	28,003,663	12,273,194	10,931,485
Art	917,603	889,333	839,333	827,833	827,833
Capital assets (net of accumulated depreciation):					
Buildings	3,338,722				
Improvements other than buildings	50,598,244	49,424,165	46,155,763	43,758,490	42,117,192
Vehicles and equipment	77,590,523	79,765,683	82,480,502	82,274,536	77,669,009
Infrastructure	23,505,583	25,690,978	23,770,469	23,909,704	15,058,504
Intangibles	21,566,939	22,956,314	23,161,347	25,660,425	29,114,178
Net pension assets	8,571,769	8,486,048	8,271,741	5,608,810	5,652,891
Total assets	724,654,906	631,824,363	533,981,819	489,967,616	426,405,794
Deferred outflows of resources					
Deferred charge on refunding	-	-	-	-	7,477
Deferred outflows of resources related to pensions	3,315,414	7,434,656	7,335,717	6,578,882	5,277,742
Total deferred outflows of resources	\$ 3,315,414	\$ 7,434,656	\$ 7,335,717	\$ 6,578,882	\$ 5,285,219
LIABILITIES					
Accounts payable	\$ 6,992,699	\$ 5,966,218	\$ 5,395,183	\$ 10,204,455	\$ 4,243,398
Accrued liabilities	7,210,548	4,221,062	3,174,630	2,674,359	2,868,301
Long-term debt due within one year:					
Compensated absences	992,375	913,654	525,320	534,198	431,558
Contracts payable	141,311	-	-	-	-
General obligation bonds	6,030,000	5,910,000	4,360,000	4,945,000	3,300,000
Revenue bonds	7,530,000	8,035,000	6,495,000	4,720,000	4,530,000
Long-term debt due in more than one year:					
Compensated absences	368,788	313,404	699,776	670,641	681,413
Contracts payable	3,039,674				
General obligation bonds	83,708,177	85,722,655	40,913,366	45,540,922	22,709,111
Revenue bonds	166,096,899	102,476,579	80,928,230	54,793,151	59,904,698
Net pension liability	7,174,185	14,568,026	7,780,234	11,020,794	10,109,665
Total liabilities	289,284,656	228,126,598	150,271,739	135,103,520	108,778,144
Deferred inflows of resources					
Property taxes	24,703,651	23,863,826	20,046,312	19,785,339	17,605,701
Deferred gain on refunding	704,659	500,262	217,783	321,672	425,561
Deferred inflows of resources related to pensions	4,155,340	514,445	6,025,822	1,803,202	1,142,122
Deferred inflows of resources - unavailable revenue	-	-	166,096	-	-
Total deferred inflows of resources	29,563,650	24,878,533	26,456,013	21,910,213	19,173,384
NET POSITION					
Net investment in capital assets	331,580,232	311,830,787 (5)	294,285,169	273,727,467 (3)	233,610,613 (2)
Restricted for:					
Capital projects	8,956,824	7,194,635	6,604,245 (4)	6,318,540 (4)	6,312,535 (4)
Other	58,940	58,940	57,571 (4)	59,674 (4)	48,640 (4)
Unrestricted	68,526,018	67,169,526 (5)	63,642,799 (4)	59,427,084 (4)	63,767,697 (4)
Total net position	409,122,014	386,253,888	364,589,784	339,532,765	303,739,485
Total liabilities and deferred inflows of resources and net position	\$ 727,970,320	\$ 639,259,019	\$ 541,317,536	\$ 496,546,498	\$ 431,691,013

Source: Information extracted from the City's fiscal years ended June 30, 2016 through 2020 general purpose financial statements.

Notes:

- (1) Restated.
- (2) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (3) Fiscal year 2018 - Capital asset adjustment, required restatement of fiscal year 2017.
- (4) Reclassified long-term debt related to net assets restricted for debt service and capital projects out of unrestricted net assets.
- (5) Fiscal year 2020 - Capital asset adjustment, required restatement of fiscal year 2019.

COMPLIANCE SECTION



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of City Council
Park City Municipal Corporation, Utah

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park City Municipal Corporation (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on



compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Salt Lake City, Utah
January 29, 2021

Park City Municipal Corporation
Schedule of Findings and Responses
June 30, 2020

Financial Statement Finding – Significant Deficiency in Internal Control Over Financial Reporting

2020-001 Capital asset expenditure

Criteria: Expenditures should be recorded in the proper period.

Condition: Park City Municipal Corporation (the City) misclassified a capital outlay transaction in a prior period that requires an adjustment to beginning fund balance.

Cause: The City thought that the capital outlay transaction would occur in the near-term and did not anticipate that the transaction may be delayed.

Effect: The City made the adjustment to beginning fund balance of the Capital Project fund as disclosed in Note R.

Recommendation: The City should record the capital outlay as a deposit rather than as a capital expenditure until the transaction is closed.

Management's response: Management informed us that procedures have been established to ensure that transactions are recorded according to Finance Department policy.

APPENDIX B

THE GENERAL INDENTURE OF TRUST

Reference is made to the Indenture, for full details of all of the terms of the 2021 Bonds, the security provisions appertaining thereto, and the definition of any terms used but not defined in this OFFICIAL STATEMENT.

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FINAL

PARK CITY, SUMMIT COUNTY, UTAH
WATER REVENUE BONDS

GENERAL INDENTURE OF TRUST

Dated as of December 1, 2002

between

PARK CITY, SUMMIT COUNTY, UTAH

and

ZIONS FIRST NATIONAL BANK
as Trustee

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EXHIBIT "A" - FORM OF REQUISITION

A-1

THIS GENERAL INDENTURE OF TRUST, dated as of December 1, 2002, by and between PARK CITY, SUMMIT COUNTY, UTAH, a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah (the "Issuer"), and ZIONS FIRST NATIONAL BANK, a national bank duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal corporate trust office in Salt Lake City, Utah (the "Trustee"),

WITNESSETH:

WHEREAS, the Issuer desires to finance improvements to its existing water system (the "System"), including, but not limited to additions, extensions, buildings and other improvements to house and operate said facilities, to refund and retire existing obligations, to fund debt service reserves, and to pay issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Issuer intends to obtain Revenues (as herein defined) from the System sufficient to pay Operation and Maintenance Expenses (as herein defined) of the System as well as debt service on the Bonds; and

WHEREAS, except for the pledge to secure certain outstanding bonds (which pledge will be discharged upon the issuance of the Initial Bonds (as herein defined) hereunder) the Revenues, after payment of Operation and Maintenance Expenses (the "Net Revenues"), will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Initial Bonds and the Issuer desires to pledge said Net Revenues toward the payment of the principal and interest on said Bonds; and

WHEREAS, pursuant to the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act"), the Issuer is authorized to issue its bonds payable from a special fund into which the Net Revenues of the Issuer may be pledged.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

For and in consideration of the premises, the mutual covenants of the Issuer and the Trustee, the purchase from time to time of the Bonds by the Registered Owners thereof and the issuance by Reserve Instrument Providers from time to time of Reserve Instruments, and in order to secure the payment of the principal of and premium, if any, and interest on the Bonds and of all Reserve Instrument Repayment Obligations according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Bonds and in all Reserve Instrument Agreements, the Issuer does hereby convey, assign and pledge unto the Trustee and unto its successors in trust forever all right, title and interest of the Issuer in and to (i) the Net Revenues, (ii) all moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund), and (iii) all other rights hereinafter granted, first, for the further securing of the Bonds, and second, for the further securing of all Reserve Instrument Repayment

Obligations, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby and hereafter conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors and assigns in such trust forever;

IN TRUST NEVERTHELESS, upon the terms and trust set forth in this Indenture, FIRST, for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued pursuant to and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any Bond over any other Bond by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Indenture; and SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers, without privilege, priority or distinction as to the lien or otherwise of any Reserve Instrument Repayment Obligation over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and premium, if any, on the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, and all Reserve Instrument Repayment Obligations, according to the true intent and meaning thereof, or shall provide, as permitted by this Indenture, for the payment thereof as provided in Article X hereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payments or provisions for such payments by the Issuer, this Indenture, and the rights hereby granted, shall terminate; otherwise this Indenture shall remain in full force and effect.

The terms and conditions upon which the Bonds are to be executed, authenticated, delivered, secured and accepted by all persons who from time to time shall be or become Registered Owners thereof, and the trusts and conditions upon which the Net Revenues are to be held and disposed, which said trusts and conditions the Trustee hereby accepts, are as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. As used in this Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

"Additional Bonds" means all Bonds issued under this Indenture other than the Initial Bonds.

"Aggregate Annual Debt Service Requirement" means the total principal, interest and premium payments due and payable for any one Bond Fund Year (less capitalized interest and principal payable on any bond anticipation notes) on all Series of Bonds Outstanding or any specified portion thereof.

“*Bond Fund*” means the Park City, Summit County, Utah Water Revenue Bond Fund created in Section 3.3 hereof to be held by the Trustee and administered pursuant to Section 5.3 hereof.

“*Bond Fund Year*” means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, except that the first Bond Fund Year shall begin on the date of delivery of the first issue of Bonds hereunder and shall end on the next succeeding June 30.

“*Bondholder*,” “*Bondowner*,” “*Registered Owner*” or “*Owner*” means the registered owner of any Bonds herein authorized.

“*Bonds*” means Initial Bonds and any Additional Bonds.

“*Business Day*” means any day (i) on which banking business is transacted, but not including any Saturday, Sunday or any other day on which banks are authorized to be closed in New York City or in the city in which the Trustee has its principal corporate trust office and (ii) on which the New York Stock Exchange is open.

“*City Recorder*” means the City Recorder of the Issuer or any successor to the duties of such office.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Construction Fund*” means the Park City, Summit County, Utah Water Revenue Construction Fund created in Section 3.1 hereof to be held by the Trustee and administered pursuant to Section 5.1 hereof.

“*Cost*” or “*Costs*” or “*Cost of Completion*”, or any phrase of similar import, in connection with a Project or with the refunding of any bonds, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of a Project, or the refunding of any bonds, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by the Issuer and its employees or others, materials and supplies purchased by the Issuer or others and permits and licenses obtained by the Issuer or others;
- (c) engineering, architectural, legal, planning, underwriting accounting and other professional and advisory fees;
- (d) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;

(e) interest expenses, including interest on the Series of Bonds relating to a Project;

(f) printing, engraving and other expenses of financing, including premiums for municipal bond insurance, fees of financial rating services and fees for issuance of bank letters of credit or similar banking arrangements and costs of issuing the Series of Bonds relating to a Project;

(g) costs, fees and expenses in connection with the acquisition of water rights and real and personal property or rights therein, including premiums for title insurance;

(h) costs of equipment and other resources purchased by the Issuer and necessary to the completion and proper operation of a Project;

(i) amounts required to repay temporary or bond anticipation loans or notes made to finance the costs of a Project;

(j) cost of site improvements performed by the Issuer in anticipation of a Project;

(k) moneys necessary to fund the Funds created under this Indenture;

(l) costs of the capitalization with proceeds of a Series of Bonds issued hereunder of any operation and maintenance expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, as herein provided, of any discount on bonds or other securities, and of any reserves for the payment of the principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, and Reserve Instrument Costs;

(m) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;

(n) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Issuer, including costs of contingencies for a Project; and

(o) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Costs.

In the case of any project for refunding or redeeming any bonds or other obligations, “*Cost*” includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f) and (k) above, advertising and other expenses related to the redemption of such bonds to be redeemed and the redemption price of such bonds (and the accrued interest payable on redemption to the extent

not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above.

“Debt Service Reserve Fund” means the Park City, Summit County, Utah Water Revenue Debt Service Reserve Fund created in Section 3.5 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

“Debt Service Reserve Requirement” means with respect to each Series of Bonds issued pursuant to this Indenture, and unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum Aggregate Annual Debt Service Requirement during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average Aggregate Annual Debt Service Requirement for such Series of Bonds; *provided, however*, that in the event any Series of Additional Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series of Bonds issued pursuant to the Indenture (the *“Prior Bonds”*), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional Bonds that is allocable to the refunding of such Series of Prior Bonds shall be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by a Reserve Instrument as herein provided. Each Subaccount of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means noncallable Government Obligations.

“Event of Default” means with respect to any default or event of default hereunder any occurrence or event specified in and defined by Section 7.1 hereof.

“Fiscal Year” means the annual accounting period of the Issuer as from time to time in effect, initially a period commencing on July 1 of each year and ending on the next succeeding June 30.

“Government Obligations” means solely one or more of the following:

- (a) State and Local Government Series issued by the United States Treasury (*“SLGS”*);
- (b) United States Treasury bills, notes and bonds, as traded on the open market;

(c) Zero Coupon United States Treasury Bonds; and

(d) Any other direct obligations of or obligations unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as *“REFCORP strips”*).

“Indenture” means this General Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of this Indenture.

“Initial Bonds” means the first Series of Bonds to be issued under this Indenture.

“Interest Payment Date” means the stated maturity date of an installment of interest on the Bonds.

“Issuer” means Park City, Summit County, Utah and its successors.

“Mayor” means the Mayor of the Issuer or any successor to the duties of such office,

“Moody’s” means Moody’s Investors Service, Inc.

“Net Revenues” means the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, necessary to keep the System in efficient operating condition, including cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Reserve Instrument Costs and, generally all expenses, exclusive of depreciation, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

Notwithstanding the above reference to generally accepted accounting practices, Operation and Maintenance Expenses shall not include expenses of the Issuer that are one time capital expenditures that are paid from the City’s Water Capital Improvement Fund, including, but not limited to, costs associated with exploratory water wells, such as geological and geophysical studies, rights of access to properties to conduct water well studies, and consulting fees of geologists, geophysical crews and others conducting those studies.

“Outstanding” or *“Bonds Outstanding”* means at any date all Bonds which have not been canceled which have been or are being authenticated and delivered by the Trustee under this Indenture, except:

- (a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to Article X of this Indenture; and

(b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered hereunder, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

“Owner(s)” or “Registered Owner(s)” means the registered owner(s) of the Bonds according to the registration books of the Issuer maintained by the Trustee as Registrar for the Bonds pursuant to Sections 2.6, 6.5 and 11.5 hereof

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Sections 6.6 and 11.5 hereof, and any additional or successor paying agent appointed pursuant hereto.

“Project” means the acquisition or construction of additions or improvements to, or the acquisition of resources (with an expected life beyond a current Fiscal Year) for use in, the Issuer’s System.

“Qualified Engineer” means any registered or licensed engineer or architect or engineer or firm of such engineers or architects and engineers generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water systems, appointed and paid by the Issuer, who shall not have any substantial interest, direct or indirect (other than employment), with the Issuer, but who may be regularly retained to make annual or other periodic reports of the Issuer. “Qualified Engineer” may include any registered or licensed engineer employed by the Issuer.

“Qualified Investments” means any of the following securities:

(a) Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA’s);

(c) Money market funds rated “AAAm” or “AAAm-G” or better by S&P, including money market funds from which the Trustee or its affiliates derive a fee for investment advisory services to the fund;

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

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

(f) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(g) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer’s Investment Fund; and

(h) Any other investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

“Rebatable Arbitrage” shall mean with respect to any Series of Bonds bearing federally tax exempt interest the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

“Rebate Calculation Date” means, with respect to each Series of Bonds bearing federally tax exempt interest, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

“Rebate Fund” means the Park City, Summit County, Utah Water Revenue Rebate Fund created in Section 3.8 hereof to be held by the Trustee and administered pursuant to Section 5.8 hereof.

“Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to Sections 2.6, 6.5 and 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

“Regular Record Date” means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

“Regulations,” and all references thereto shall mean and include applicable final, proposed and temporary United States Treasury Regulations promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

“Repair and Replacement Fund” means the Park City, Summit County, Utah Water Revenue Repair and Replacement Fund created in Section 3.7 hereof to be held by the Issuer and administered pursuant to Section 5.7 hereof.

“Repair and Replacement Reserve Requirement” means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

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

“Reserve Instrument Agreement” means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

“Reserve Instrument Costs” means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

“Reserve Instrument Coverage” means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant hereto under all Reserve Instruments.

“Reserve Instrument Fund” means the Park City, Summit County, Utah Water Revenue Reserve Instrument Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.6 hereof.

“Reserve Instrument Limit” means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the Bonds.

“Reserve Instrument Provider” means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs. Each Reserve Instrument Agreement and the Supplemental Indenture authorizing the execution and delivery of such Reserve Instrument Agreement shall specify the amounts payable under it which, when outstanding, shall constitute Reserve Instrument Repayment Obligations and shall specify the portions of such amounts that are allocable as principal of and as interest on such Reserve Instrument Repayment Obligations.

“Revenue Fund” means the Park City, Summit County, Utah Water Revenue Fund created in Section 3.2 hereof in the hands of the Issuer to be administered pursuant to Section 5.2 hereof.

“Revenues” means all revenues, fees (including impact fees to the extent such impact fees can legally be used for the purposes financed hereunder), income, rents and receipts received or earned by the Issuer from or attributable to the ownership and operation of the System (including proceeds of business interruption insurance), together with all interest earned by and profits derived from the sale of investments in the related funds thereof.

“S & P” means Standard & Poor’s Credit Market Services, a division of The McGraw-Hill Companies, Inc..

“Serial Bonds” means those Bonds other than Term Bonds.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

“Sinking Fund Account” means the Park City, Summit County, Utah Water Revenue Sinking Fund Account of the Bond Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.4 hereof.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year as specified in the Supplemental Indenture authorizing the Bonds of a Series for the retirement of Term Bonds of such Series, if any (whether at maturity or by redemption). The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to Section 5.4(c) toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

“Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with this Indenture.

“State” means the State of Utah.

“Supplemental Indenture” means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of Article IX hereof.

“System” means the Issuer’s water system, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, casements, interests in land, licenses, water rights and rights of way of the Issuer and all other works, property, structures, equipment of the Issuer and contract rights and other tangible and intangible assets of the Issuer now or hereafter owned or used in connection with, or related to said System.

“Term Bonds” means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

“Trustee” means Zions First National Bank, Salt Lake City, Utah, or any successor resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder.

“Year” means any twelve consecutive month period.

Section 1.2. Indenture to Constitute Contract. In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds and the Reserve Instrument Providers; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be, FIRST, for the equal benefit, protection and security of the Owners of any and all of the Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Indenture, and SECOND, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority or distinction of any Reserve Instrument over any other thereof.

Section 1.3. Construction. This Indenture, except where the context by clear implication herein otherwise requires, shall be construed as follows:

- (a) The terms “hereby,” “hereof,” “herein,” “hereto,” “hereunder,” and any similar terms used in this Indenture shall refer to this Indenture in its entirety unless the context clearly indicates otherwise.
- (b) Words in the singular number include the plural, and words in the plural include the singular.
- (c) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender refer to any gender.
- (d) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs hereof so numbered or otherwise so designated.
- (e) The titles or headlines applied to articles, sections and subsections herein are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Indenture.
- (f) Any securities, payable from any Revenues, held by the Issuer shall not be deemed to be outstanding for the purpose of consents hereunder or for any other purpose provided herein.

ARTICLE II

THE BONDS

Section 2.1. Authorization of Bonds. There is hereby created for issuance hereunder an issue of Bonds which may, if and when authorized by Supplemental Indenture, be issued in one or more separate Series. Each Series of Bonds shall be authorized by a Supplemental Indenture, which shall state the purpose or purposes for which each such Series of Bonds is being issued. The aggregate principal amount of Bonds which may be issued shall not be limited except as provided herein or as may be limited by law provided that the aggregate principal amount of Bonds of each such Series shall not exceed the amount specified in the Supplemental Indenture authorizing each such Series of Bonds.

Section 2.2. Description of Bonds; Payment. (a) The Bonds of each Series issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, bonds of each Series shall be in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof, shall be numbered consecutively from R-1 upwards and shall bear interest payable on June 15 and December 15.

(b) The Bonds of each Series issued hereunder shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of Bonds of such Series, and be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. The Bonds of each Series shall be designated “Water Revenue [Refunding] Bonds, Series __,” in each case inserting the year in which the Bonds are issued (if applicable) and an identifying Series letter.

(c) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment, shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed to the Registered Owner at his address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account designated by the Registered Owner in written instructions furnished to the Trustee. Unless otherwise specified in the related Supplemental Indenture, the interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee as Paying Agent, except as otherwise provided by

Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.3. Execution; Limited Obligation. The Bonds shall be executed on behalf of the Issuer with the manual or official facsimile signature of its Mayor, countersigned with the manual or official facsimile signature of the City Recorder, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Issuer. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The Bonds, together with interest thereon, shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created hereunder or the income from the temporary investment thereof).

The Bonds shall be a valid claim of the respective Registered Owners thereof only against the Net Revenues and other moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund) and the Issuer hereby pledges and assigns the same for the equal and ratable payment of the Bonds, and the Net Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized herein. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The provisions of this Section relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

Section 2.4. Authentication and Delivery of Bonds. (a) The Issuer shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Issuer to the purchasers thereof (or hold them on their behalf) upon the payment by the purchasers to the Trustee for the account of the Issuer of the purchase price thereof. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the Supplemental Indenture.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder, unless and until a certificate of authentication on such Bond substantially in the form set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive

evidence that such Bond has been authenticated and delivered hereunder. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

(c) Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee:

(i) A copy, duly certified by the City Recorder, of this Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds.

(ii) A copy, certified by the City Recorder, of the proceedings of the Issuer's City Council approving the execution and delivery of the instruments specified in Subparagraph (i) above and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the City Recorder that such proceedings are still in force and effect without amendments except as shown in such proceedings.

(iii) A request and authorization to the Trustee of the Issuer to authenticate such Series of Bonds in the aggregate principal amount therein specified and deliver them to purchasers therein identified upon payment to the Trustee, for account of the Issuer, of the sum specified therein.

(iv) An opinion of Bond Counsel dated the date of authentication of such Series of Bonds to the effect that (a) this Indenture has been duly authorized, executed and delivered by the Issuer and is the valid and binding obligation of the Issuer; (b) this Indenture creates the valid pledge which it purports to create of the Net Revenues; and (c) such Series of Bonds are valid and binding obligations of the Issuer.

Section 2.5. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, series, maturity and denomination as that mutilated, lost, stolen or destroyed; *provided* that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together in all cases with indemnity satisfactory to the Trustee and the Issuer. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Trustee may pay the same without surrender thereof upon compliance with the foregoing. The Trustee may charge the Registered Owner of such Bond with its reasonable fees and expenses in this connection. Any Bond issued pursuant to this Section shall be deemed part of the Series of the Bonds in respect of which it was issued and an original additional contractual obligation of the Issuer.

Section 2.6. Registration of Bonds; Persons Treated as Owners. The Issuer shall cause the books for the registration and for the transfer of the Bonds as provided herein to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Issuer with respect to the Bonds, *provided, however*, that the Issuer may by Supplemental Indenture select a party other than

the Trustee to act as Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond surrendered for transfer. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the Issuer of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. The Issuer and the Trustee shall not be required to transfer or exchange any Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond shall be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Bonds of any tax or other governmental charge and by the Issuer of any service charge of the Trustee as Registrar which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Bond shall be delivered.

Section 2.7. Redemption Provisions. The Term Bonds of each Series of Bonds shall be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall also be subject to redemption prior to maturity at the option of the Issuer at such times and upon such terms as shall be fixed by such Supplemental Indenture. If less than all of the Bonds of any one maturity of a Series shall be

called for redemption, the particular units of Bonds, as determined in accordance with Section 2.9 herein, to be redeemed shall be selected by the Trustee in such manner as the Trustee, in its discretion, may deem proper in order to assure each Registered Owner of Bonds of such Series or maturity a fair opportunity to have their Bond or Bonds or portions thereof selected.

Section 2.8. Notice of Redemption. (a) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.8. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds is being redeemed, including, but not limited to, the Original Issue Date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of mailing of redemption notices, the record date for such purposes and the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(vii) the place where such Bonds are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number; and

(viii) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

(b) Each notice of redemption may further state, in the case of redemption, at the option of the Issuer, that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(d) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

Section 2.9. Partially Redeemed Fully Registered Bonds. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than the minimum denomination of such Series specified in the related Supplemental Indenture to be redeemed will be in the principal amount of such minimum denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bonds by such minimum denomination.

Section 2.10. Cancellation. All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Issuer, shall be canceled and cremated or otherwise destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of cremation or other destruction certificate evidencing such cremation or other destruction shall be furnished by the Trustee to the Issuer; *provided, however,* that one or more new Bonds shall be issued for the unredeemed portion of any Bond without charge to the Registered Owner thereof.

Section 2.11. Nonpresentation of Bonds. Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof

becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within five years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Registered Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

Section 2.12. Initial Bonds. Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.4(c) hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds. Section 2.13 shall not apply to the Initial Bonds.

Section 2.13. Issuance of Additional Bonds. No additional indebtedness, bonds or notes of the Issuer payable on a priority to the pledge of Net Revenues for the payment of the Bonds herein authorized shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds herein authorized out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) The Net Revenues of the System for any Year within the 24-month period immediately preceding the authentication and delivery of the Additional Bonds were at least 120% of the total principal, premium, if any, and interest payments for said Year on all of the Bonds which were then Outstanding, all as verified by an independent accountant in a certification delivered to the Trustee.

(b) In the case of Additional Bonds issued to finance a Project, the Issuer shall have delivered to the Trustee a certificate from a Qualified Engineer:

(1) setting forth the Estimated Net Revenues as herein described (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(i) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(ii) if (i) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof;

(2) verifying that the Estimated Net Revenues as shown in (1) above for each of such Bond Fund Years are not less than 120% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued; and

(3) verifying that the Estimated Net Revenues as shown in (1) above for each of such Bond Fund Years, less that portion of the Revenues for such period attributable to “one time charge” revenues (such as impact fees and hook-up fees), are not less than 100% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of this subsection (b), “Estimated Net Revenues” shall be determined by the Qualified Engineer as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by the Qualified Engineer for the applicable Bond Fund Years as determined in (b)(1)(i) or (ii) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(c) All payments required by this Indenture to be made into the Bond Fund must have been made in full, and there must be in the Debt Service Reserve Fund the full amount required by this Indenture to be accumulated therein at such time.

(d) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued hereunder or other obligations of the Issuer (including the funding of necessary

reserves and the payment of costs of issuance) or (ii) to finance a Project (including the funding of necessary reserves and the payment of costs of issuance).

(e) No Event of Default shall have occurred and be continuing hereunder. This paragraph (e) shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions hereof and (ii) such Event of Default will cease to continue upon the issuance of the Additional Bonds and the application of the proceeds thereof.

(f) For purposes of this Section 2.13, the following shall apply:

(i) when calculating interest payable during any period for any Series of Bonds bearing a variable rate which cannot be ascertained for such period, it shall be assumed that such Series of Bonds will bear interest at such market rate of interest applicable to such Series of Bonds as shall be established for this purpose in the opinion of the Issuer’s financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise, so long as such estimates are based upon then current market conditions);

(ii) there shall be excluded from such debt service interest and/or principal on Bonds to the extent that investments in Direct Obligations (including from a refunding escrow) is scheduled to be available to pay such interest and/or principal;

(iii) when calculating interest payable during such Fiscal Year for any Series of variable rate Bonds which are issued with a floating rate and with respect to which an interest rate swap is in effect in which the Issuer has agreed to pay a fixed interest rate, such Series of variable rate Bonds shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such interest rate swap; *provided* that such effective fixed annual rate may be utilized only if such interest rate swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such interest rate swap is contracted to remain in full force and effect; and

(iv) when calculating interest payable during such Fiscal Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an interest rate swap is in full force and effect in which the Issuer has agreed to pay a floating amount, debt service shall include the interest payable on such Series of Bonds, less fixed amounts to be received by the Issuer under such interest rate swap plus the amount of the floating payments (estimated in a manner similar to that described in (i) above, unless another method of estimation is more appropriate, in the opinion of the Issuer’s financial advisor, underwriter or similar agent for such floating payments) to be made by the Issuer under the interest rate swap; *provided* that the above described calculation of debt service may be utilized only if such interest rate swap does not result in a reduction or withdrawal of any rating then in

effect with respect to the Bonds and so long as such interest rate swap is contracted to remain in full force and effect.

(g) In connection with the issuance of any Additional Bonds as provided in this Section, the Issuer may provide for the delivery of bond insurance, letters of credit or other forms of credit enhancement and is hereby authorized to secure repayment of the providers of such credit enhancement on the same basis as the security for the related Series of Bonds.

Section 2.14. Form of Bonds. For each Series of Bonds, the text of such Bonds and the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions and variations not inconsistent with the terms hereof as may be necessary, desirable, authorized and permitted hereby.

Section 2.15. Covenant Against Creating, or Permitting Liens. Except for the pledge of Net Revenues to secure payment of the Bonds hereunder, the Net Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; *provided, however,* that nothing contained herein shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Net Revenues subordinated to that of the Bonds.

ARTICLE III

CREATION OF FUNDS AND ACCOUNTS

Section 3.1. Creation of Construction Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Construction Fund." There is hereby created and ordered established in the custody of the Trustee a separate account within the Construction Fund for each Project to be designated by the name of the applicable Project or, if applicable, a separate account for each Series of Bonds and for all grant moneys or other monies to be received by the Issuer for deposit in the Construction Fund. (Said Construction Fund and applicable accounts thereunder are herein defined as the "Construction Fund.")

Section 3.2. Creation of Revenue Fund. There is hereby created and ordered established with the Issuer a revenue fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Fund" (herein defined as the "Revenue Fund"). For accounting purposes, the Revenue Fund may be redesignated by different account names by the Issuer from time to time.

Section 3.3. Creation of Bond Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Bond Fund" (herein defined as the "Bond Fund").

Section 3.4. Creation of Sinking Fund Account. There is hereby created and ordered established in the custody of the Trustee as a separate account within the Bond Fund a special trust

fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Sinking Fund Account" (herein defined as the "Sinking Fund Account").

Section 3.5. Creation of Debt Service Reserve Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Debt Service Reserve Fund" (herein defined as the "Debt Service Reserve Fund").

Section 3.6. Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Reserve Instrument Fund" (herein defined as the "Reserve Instrument Fund").

Section 3.7. Creation of Repair and Replacement Fund. There is hereby created and ordered established in the custody of the Issuer a fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Repair and Replacement Fund" (herein defined as the "Repair and Replacement Fund").

Section 3.8. Creation of Rebate Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "Park City, Summit County, Utah Water Revenue Rebate Fund" (herein defined as the "Rebate Fund").

Section 3.9. Creation of Funds. Notwithstanding anything contained herein to the contrary, the Trustee need not create any of the funds or accounts referenced in this Article III until such funds or accounts shall be utilized as provided in a Supplemental Indenture authorizing a Series of Bonds. By Supplemental Indenture the Issuer may authorize the creation of additional funds and accounts within any funds.

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, the proceeds, including accrued interest and premium, if any, received from the sale of each Series of Bonds, shall be applied by the Issuer simultaneously with the delivery of such Bonds by the Trustee to the purchaser thereof, as follows:

- (a) The accrued interest, if any, shall be deposited in the Bond Fund;
- (b) The amount, if any, required to make the amount in the related Subaccount of the Debt Service Reserve Fund after such deposit equal to the Debt Service Reserve Requirement then applicable for such Series of Bonds, less the Reserve Instrument Coverage of all Reserve Instruments which are then in effect, shall be deposited into the Debt Service Reserve Fund;

(c) Amounts to be used to refund other obligations shall be applied to such purpose; and

(d) The balance of the moneys remaining after making all the deposits and payments provided for in Paragraphs (a) and (b) shall be paid into the appropriate account in the Construction Fund.

ARTICLE V

USE OF FUNDS

Section 5.1. Use of Construction Fund. (a) So long as an Event of Default shall not have occurred and be continuing and except as otherwise provided in a related Supplemental Indenture, moneys deposited in the appropriate account in the Construction Fund shall be paid out by the Trustee in order to pay the Cost of a Project, in each case within three Business Days (or within such longer period as is reasonably required to liquidate investments in the Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition in substantially the form as Exhibit "A" attached hereto, stating the following:

(i) that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person or entity designated in such written requisition, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project based upon audited, itemized claims substantiated in support thereof;

(ii) that the amount remaining in the applicable account in the Construction Fund after such disbursement is made, together with the amount of unencumbered Net Revenues, if any, which the Issuer reasonably estimates will be deposited in the applicable account in the Construction Fund during the period of construction of a Project from the investment of moneys on deposit in the applicable account in the Construction Fund, will, together with any other moneys lawfully available or expected to be lawfully available for payment of the Cost of a Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of Completion for a Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the applicable account in the Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the applicable account in the Construction Fund, together with such other funds and income and lawfully available monies, are sufficient to pay the Cost of Completion for a Project.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Construction Fund. In making such payments the Trustee may rely upon such requisition.

(c) The Issuer shall deliver to the Trustee, within 90 days after the completion of a Project, a certificate stating:

(i) that such Project has been fully completed in accordance with the plans and specifications therefor, as amended from time to time, and stating the date of completion for such Project; and

(ii) that the Issuer is of the opinion that such Project has been fully paid for and no claim or claims exist against the Issuer or against such Project out of which a lien based on furnishing labor or material exists or might ripen; *provided, however*, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Issuer intends to contest such claim or claims, in which event such claim or claims shall be described to the Trustee.

(d) In the event the certificate filed with the Trustee pursuant to Paragraph (c) above shall state that there is a claim or claims in controversy which create or might ripen into a lien, there shall be filed with the Trustee a similar certificate when and as such claim or claims shall have been fully paid or otherwise discharged.

(e) The Trustee and the Issuer shall keep and maintain adequate records pertaining to each account within the Construction Fund and all disbursements therefrom.

(f) Unless otherwise specified in a Supplemental Indenture, upon completion of a Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by this Section 5.1, any balance remaining in the applicable account in the Construction Fund relating to such Project shall be deposited in the Bond Fund, to be applied, as directed by the Issuer, (i) toward the redemption of the Series of Bonds issued to finance such Project or (ii) to pay principal and/or interest next falling due with respect to such Series of Bonds.

(g) The Trustee shall, to the extent there are no other available funds held under the Indenture, use the remaining funds in the Construction Fund to pay principal and interest on the Bonds at any time in the event of a payment default hereunder.

Section 5.2. Use of Revenue Fund. All Revenues shall be accounted for and maintained by the Issuer in the Revenue Fund, which fund shall be kept separate and apart from all other accounts of the Issuer and which shall be expended and used by the Issuer only in the manner and order of priority specified below:

(a) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(b) As a second charge and lien on the Revenues, *i.e.*, from the Net Revenues, the Issuer shall, at least fifteen days before each Interest Payment Date transfer and deposit into the Bond Fund, from the Revenue Fund, an amount equal to:

(i) the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds; plus

(ii) the principal and premium and Sinking Fund Installments, if any, falling due on the next succeeding Interest Payment Date established for the Bonds on which principal is due.

(c) As a third charge and lien on the Net Revenues, the Issuer shall make the following monthly deposits:

(i) To the extent the Debt Service Reserve Requirement is not funded with a Reserve Instrument or Instruments, to the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the Debt Service Reserve Requirement at the times and in the amounts provided herein and in any Supplemental Indenture, or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (ii) of this Paragraph) of remaining Net Revenues if less than the amount necessary. If funds shall have been withdrawn from the Debt Service Reserve Fund to pay debt service or Sinking Fund Installments, the Issuer shall deposit Net Revenues in the Debt Service Reserve Fund sufficient in amount to restore such moneys so withdrawn within one year with twelve (12) substantially equal payments during such one-year period.

(ii) Equally and ratably to the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount of the remaining Net Revenues, or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (i) of this Paragraph) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit.

(d) As a fourth charge and lien on the Net Revenues, the Issuer shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required by Paragraphs (a), (b) and (c) above have been made until there is on deposit in the Repair

and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of the following Paragraph, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(e) Subject to making the foregoing deposits, the Issuer may use the balance of the Net Revenues accounted for in the Revenue Fund for any of the following:

(i) redemption of Bonds for cancellation prior to maturity by depositing the same into the Bond Fund;

(ii) refinancing, refunding, or advance refunding of any Bonds; or

(iii) for any other lawful municipal purpose.

Section 5.3. Use of Bond Fund. (a) The Trustee shall make deposits, as and when received, as follows:

(i) the amounts provided for by Paragraph (a) of Article IV hereof shall be deposited into the Bond Fund;

(ii) all moneys payable by the Issuer as specified in Section 5.2(b) hereof shall be deposited into the Bond Fund in the order named;

(iii) any amount in the Construction Fund which shall be transferred to the Bond Fund to the extent required by Section 5.1(f) hereof upon completion of a Project;

(iv) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in Section 5.5 hereof; and

(v) all other moneys received by the Trustee hereunder when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund, shall be deposited into the Bond Fund.

(b) Except as provided in Section 7.4 hereof and as provided in this Section and except as otherwise provided by Supplemental Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

(i) the payment of principal of (including Sinking Fund Installments) and interest on the Bonds as the same become due; and

(ii) the payment of principal and interest accrued, if any, on the Bonds as the same become due upon redemption prior to maturity and such payments and redemption of Bonds in advance of their maturity shall be accounted for separately by the Trustee from the payments made by the Trustee pursuant to Subparagraph (i) of this Paragraph (b).

The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and any paying agent for the purpose of paying said principal and interest.

(c) After payment in full of the principal of and interest on all Bonds issued hereunder (or after provision has been made for the payment thereof as provided herein so that such Bonds are no longer Outstanding); all outstanding Reserve Instrument Repayment Obligations in accordance with their respective terms; and the fees, charges and expenses of the Trustee, any paying agent and any other amounts required to be paid hereunder and under any Reserve Instrument Agreement; all amounts remaining in the Bond Fund shall be paid to the Issuer.

Section 5.4. Use of Sinking Fund Account. (a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

(c) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in the Bond Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Issuer in a written request not less than 60 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund redemption price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (c) shall be made at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Issuer shall direct the Trustee. The applicable sinking fund Redemption Price (or Principal amount of maturing bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Fund until such Sinking Fund Installment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Bond Fund to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called

for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such paying Agents to such redemption (or payment).

Section 5.5. Use of Debt Service Reserve Fund. Except as otherwise provided in this Section and Section 5.2(c) and subject to the immediately following sentence, moneys in each subaccount in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement. In calculating the amount on deposit in each subaccount in the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit in such subaccount in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the Debt Service Reserve Requirement with respect to such Series shall either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof, or (ii) deposited from available Net Revenues over a period not to exceed five years from the date of such issuance and delivery of such Series in not to exceed 60 equal monthly installments, or (iii) deposited from any combination of (i) and (ii) above; *provided however*, the foregoing provisions shall be subject to requirements of any bond insurer or other security instrument issuer set forth in any Supplemental Indenture. If at any time the amount on deposit in any Subaccount of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section, the Issuer, under Section 5.2(c) hereof, is required to make payment, within one year from the date such deficiency arises, directly to the Trustee for deposit into the Debt Service Reserve Fund, the amount of any such deficiency.

In the event funds on deposit in a subaccount in the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in such subaccount in the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series of Bonds are in effect, the Trustee shall immediately make a demand for payment on such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Issuer shall be obligated to reinstate such Reserve Instrument as provided in Section 5.2(c)(ii) herein.

No Reserve Instrument shall be allowed to expire or terminate while the related Series of Bonds are Outstanding unless and until cash has been deposited into the applicable subaccount in the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the applicable subaccount in the Debt Service Reserve Fund.

Funds at any time on deposit in the subaccounts in the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of related Reserve Instrument Coverage) may at any time be transferred to the Bond Fund.

In connection with the replacement of amounts on deposit in a subaccount of the Debt Service Reserve Fund with a Reserve Instrument, the amounts so replaced may be transferred to the Bond Fund or used as otherwise provided in the proceedings authorizing the Reserve

Instrument with an opinion of nationally recognized bond counsel to the effect that such use will not adversely affect the tax-exempt status of interest on the related series of Bonds (if applicable).

Amounts on deposit in any subaccount of the Debt Service Reserve Fund shall only be used to make up a deficiency in the Bond Fund with respect to the related Series of Bonds.

Section 5.6. Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the amounts which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Section 5.7. Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of buildings, lines, equipment time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be transferred to the Issuer for any lawful purpose.

Section 5.8. Use of Rebate Fund. (a) The Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under this Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for all series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, less amounts of Rebatable Arbitrage theretofore paid to the United States for all series of Bonds, the Trustee shall, upon the Issuer's request, withdraw from the Rebate Fund and pay to the Issuer an amount not to exceed such excess.

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Issuer shall retain records of all such determinations until six years after the retirement of the last Bond of a Series to which such records pertain. The Issuer shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund). The Issuer shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebatable

Arbitrage pertaining to such Series of Bonds plus the amount, if any, of Rebatable Arbitrage theretofore paid to the United States with respect to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebatable Arbitrage with respect to such Series. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Issuer with the requirements of Section 148 of the Code or any successor. The Issuer expressly agrees that (notwithstanding any other provision of the Indenture) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Issuer to comply with the requirements of said Section 148 or any successor thereof.

(e) The Trustee, on behalf of the Issuer, shall keep and retain, until the date six years after the retirement of the last of the Bonds of each series, records with respect to each series of the Bonds and the investment and expenditure of proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of proceeds of each series of the Bonds. For purposes of the computation required by above, the Trustee shall upon request, furnish to the Issuer all information in the Trustee's control which is necessary for such computations.

(f) The Issuer hereby covenants and agrees that it will not enter, and will not cause the Trustee to enter into, any transaction or cause any transaction to be entered into with respect to the investment of proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified hereinabove, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each series of the Bonds not been relevant to either party.

(g) The provisions of this Section may be amended or deleted, with respect to any or all series of the Bonds, from this Indenture upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

Section 5.9. Investment of Funds. All moneys in the Bond Fund, the Construction Fund, the Reserve Instrument Fund, the Rebate Fund or the Debt Service Reserve Fund may, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall, at the discretion of the Issuer, liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Construction Fund, Bond Fund, the Reserve Instrument Fund and Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein

as herein provided. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with Section 5.5 hereof.

The Issuer may invest the amounts on deposit in the Revenue Fund and the Repair and Replacement Fund as permitted by applicable law.

In the event the Issuer shall be advised by nationally recognized municipal bond counsel that it is necessary to restrict or limit the yield on the investment of any moneys paid to or held by the Trustee in order to avoid the Bonds, or any Series thereof, being considered "arbitrage bonds" within the meaning of the Code or the Treasury Regulations proposed or promulgated thereunder, or to otherwise preserve the exclusion of interest payable or paid on any Bonds from gross income for federal income tax purposes. The Issuer may require the Trustee to take such steps as it may be advised by such counsel are necessary so to restrict or limit the yield on such investment, irrespective of whether the Trustee shares such opinion, and the Trustee agrees that it will take all such steps as the Issuer may require.

Section 5.10. Trust Funds. All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions hereof. Except as provided otherwise in Section 5.8 hereof, unless and until disbursed pursuant to the terms hereof, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the principal, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

Section 5.11. Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account, Qualified Investments shall be valued at then market value, exclusive of accrued interest. With respect to all funds and accounts, valuation shall occur annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

ARTICLE VI

GENERAL COVENANTS

Section 6.1. General Covenants. The Issuer hereby covenants and agrees with each and every Registered Owner of the Bonds issued hereunder and Reserve Instrument Provider as follows:

(a) While any of the principal and interest on the Bonds are outstanding and unpaid, or any Reserve Instrument Repayment Obligations are outstanding, the rates including connection fees, for all services supplied by the System to the Issuer and to its inhabitants and to all customers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Net Revenues for each Bond Fund Year of not less than (i) 120% and (ii) 100% on the

basis of Net Revenues, less that portion of the Revenues for such period attributable to "one time charge" revenues (such as impact fees and hook-up fees), in either case of the Aggregate Annual Debt Service Requirement for such year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified herein, or if a Reserve Instrument shall be in effect with respect to any of the Bonds Outstanding, the Reserve Instrument Repayment Obligations which the Issuer anticipates will be due and payable for such year; *provided, however*, that such rates must be reasonable rates for the type, kind and character of the service rendered. Except for (i) water used by the Issuer for municipal purposes and (ii) services of the System to supply water to the Park City and Deer Valley Ski Resorts for snow making purposes, there shall be no free service, and such rates shall be charged against all users of the System. The Issuer agrees that should its annual financial statement made in accordance with the provisions of Section 6.1(d) disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the above requirement, the Issuer shall request that a Qualified Engineer make recommendations as to the revision of the rates, charges and fees and that the Issuer on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Costs so as to produce the necessary Net Revenues as herein required.

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

(c) Each Registered Owner and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements hereof and of any applicable Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Reserve Instrument Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Registered Owner and Reserve Instrument Provider, or any duly authorized agent or agents thereof shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Registered Owner and Reserve Instrument Provider.

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense.

Section 6.2. First Lien Bonds; Equality of Liens. The Bonds constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Net Revenues. The Issuer covenants that the Bonds and any parity securities hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a first lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds and any other such securities, it being the intention of the Issuer that there shall be no priority among the Bonds and any such additional parity first lien securities regardless of the fact that they may be actually issued and delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (i) proceeds of the issuance and sale of Bonds, (ii) Net Revenues, or (iii) Funds established hereby, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected hereby to the Registered Owners of the Bonds.

Section 6.3. Payment of Principal and Interest. The Issuer covenants that it will punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, this Indenture and any Reserve Instrument Agreement, according to the true intent and meaning hereof and thereof. The principal of and interest on the Bonds and any Reserve Instrument Repayment Obligations are payable solely from the Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created hereunder or the income from the temporary investment thereof), which payments are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds, this Indenture or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment of the Bonds or any Reserve Instrument Repayment Obligations except for the Net Revenues pledged for such purpose hereunder.

Section 6.4. Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained herein, and in any and every Bond and Reserve Instrument Agreement executed, authenticated and delivered hereunder. The Issuer represents that it is duly authorized under the Constitution of the State to issue the Bonds authorized hereby and to execute this Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 6.5. List of Bondholders. The Trustee will keep on file at its principal office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof of 10% or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee.

Section 6.6. Designation of Additional Paying Agents. The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder, but only to the extent such funds are made available to the Issuer from Bond proceeds or other Funds created hereunder or the income from the temporary investment thereof, for the payment of such of the Bonds as shall be presented when due at the principal corporate trust office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate paying agents.

Section 6.7. Tax Exemption of Bonds. The Issuer recognizes that Section 149(a) of the Code requires bonds to be issued and to remain in fully registered form in order that interest thereon not to be includible in gross income for purposes of federal income taxation under laws in force at the time the bonds are delivered, Bonds issued pursuant to this Indenture, the interest on which is not includible in gross income for federal income tax purposes, are referred to in this Section 6.7 as “tax-exempt Bonds”. Pursuant to the provisions thereof, the Issuer agrees that it will not take any action to permit tax-exempt Bonds issued hereunder to be issued in, or converted into, bearer or coupon form, unless the Issuer first receives an opinion from nationally recognized bond counsel that such action will not result in the interest on any Bonds becoming includible in gross income for purposes of federal income taxes then in effect.

The Issuer’s Mayor and City Recorder are hereby authorized and directed to execute such certificates as shall be necessary to establish that tax-exempt Bonds issued hereunder are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, including Treasury Regulation Sections 1.148-1 through 1.148-11, 1.149 and 1.150-1 through 1.150-2 as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Issuer covenants and certifies to and for the benefit of the Registered Owners of such Bonds that no use will be made of the proceeds of the issue and sale of such Bonds, or any funds or accounts of the Issuer which may be deemed to be available proceeds of such Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of such Bonds, would have caused the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of such Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder.

The Issuer further covenants and agrees to and for the benefit of the Registered Owners that the Issuer (i) will not take any action that would cause interest on tax-exempt Bonds issued hereunder to become includible in gross income for purposes of federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the tax-exempt Bonds to become includible in gross income for purposes of federal income taxation and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exclusion from gross income for purposes of federal income taxation of interest on such Bonds.

Section 6.8. Expedient Construction. The Issuer shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

Section 6.9. Management of System. The Issuer, in order to assure the efficient management and operation of the System and to assure each Registered Owner and Reserve Instrument Provider from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character.

Section 6.10. Use of Legally Available Moneys. Notwithstanding any other provisions hereof, nothing herein shall be construed to prevent the Issuer from (i) paying all or any part of the Operation and Maintenance Expenses from any funds available to the Issuer for such purpose, (ii) depositing any funds available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the principal of any Bonds issued under provisions hereof or for the redemption of any such Bonds, or (iii) depositing any funds available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Section 6.11. Payment of Taxes and Other Charges. The Issuer covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the System or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon the System or any part hereof or upon any Revenues thereof, except for the lien and charge thereon created hereunder and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the parity lien thereon of Additional Bonds issued from time to time hereunder and under Supplemental Indentures hereto), and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon the Revenues thereof will be paid or discharged, or adequate provision will be made for the payment or discharge of such claims and demands within 60 days after the same shall accrue; *provided, however,* that nothing in this Section contained shall require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

Section 6.12. Insurance. The Issuer, in its operation of the System, will self-insure or carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the System. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Bond Fund.

Section 6.13. Instruments of Further Assurance. The Issuer and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, execute and deliver such further instruments and take or cause to be taken such further actions as may be

reasonable and as may be required by the other to carry out the purposes hereof; *provided, however,* that no such instruments or action shall involve any personal liability of the Trustee or members of the governing body of the Issuer or any official thereof.

Section 6.14. Covenant Not to Sell. The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Reserve Instrument Repayment Obligations, have been paid in full, except as follows:

(a) The Issuer may sell any portion of said property (i) which shall have been replaced by other property of at least equal value, (ii) which shall cease to be necessary for the efficient operation of the System and the disposition of which will not, as determined by the governing body of the Issuer, result in a material reduction in Net Revenues in any year; or (iii) the value, as determined by the governing body of the Issuer, of the property to be sold, leased, abandoned, mortgaged, or otherwise disposed of (together with any other property similarly disposed of within the 12 calendar months preceding the proposed disposition) does not exceed 5% of the value of the System assets, as determined by the governing body of the Issuer, *provided, however,* that in the event of any sale as aforesaid, the proceeds of such sale not needed to acquire other System property shall be paid into the Bond Fund.

(b) The Issuer may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right does not impede the operation of the System; and any payment received by the Issuer under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues.

Section 6.15. Billing Procedure. The Issuer shall submit a monthly billing for services rendered to persons who are liable for the payment of charges for such services, and shall require that each such bill be paid in full as a unit, and refuse to permit payment of a portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all water service to the user concerned to be cut off immediately.

Section 6.16. Annual Budget. Prior to the beginning of each Fiscal Year the Issuer shall prepare and adopt a budget for the System for the next ensuing Fiscal Year. At the end of the first six months of each Fiscal Year, the Issuer shall review its budget for such Fiscal Year, and in the event actual Revenues, Operation and Maintenance Expenses or other requirements do not substantially correspond with such budget, the Issuer shall prepare an amended budget for the remainder of such Fiscal Year. The Issuer also may adopt at any time an amended budget for the remainder of the then current Fiscal Year.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.1. Events of Default. Each of the following events is hereby declared an “Event of Default”:

- (a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable; or
- (b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or
- (c) if the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder; or
- (d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Revenues of the Issuer, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or
- (e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or
- (f) if (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee or custodian of the Issuer or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or
- (g) if the Issuer shall file a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or
- (h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole

or any substantial part of the property of the Issuer, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or herein or any Supplemental Indenture hereof on the part of the Issuer to be performed, other than as set forth above in this Section, and such Default shall continue for 60 days after written notice specifying such Event of Default and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding hereunder.

Section 7.2. Remedies: Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Issuer hereunder.

If an Event of Default shall have occurred, and if requested so to do by Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in Section 8.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners.

No remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Registered Owners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.3. Right of Registered Owners to Direct Proceedings. Anything herein to the contrary notwithstanding, the Registered owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder, *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 7.4. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, advances and past and current fees incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

(a) To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds as follows:

(i) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND—To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions hereof), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) To the payment of all obligations then due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future; *provided, however*, that the discretion of the Trustee to apply moneys shall not permit the Trustee to fail to liquidate

investments in the Bond Fund and the Debt Service Reserve Fund and apply amounts credited to such funds to the payment of debt service on the dates it is due. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Section 7.5. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Section 7.6. Rights and Remedies of Registered Owners. Except as provided in the last sentence of this Section, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(g), or of which by said Section it is deemed to have notice, nor unless also Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 8.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owner of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing herein contained shall, however, affect or impair the right of any Registered Owner to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder held by such Registered Owner at the time, place, from the source and in the manner in said Bonds expressed.

Section 7.7. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right hereunder by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder; and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.8. Waivers of Events of Default. Subject to Section 8.1(g) hereof, the Trustee may in its discretion waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; *provided, however,* that there shall not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on, account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 7.9. Consideration of Issuer. In the case of any Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Registered Owners.

ARTICLE VIII

THE TRUSTEE

Section 8.1. Acceptance of the Trusts. The Trustee accepts the trusts imposed upon it hereby, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers thereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the

part of the Issuer; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder, except as specifically set forth herein. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant hereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Mayor and attested by its City Recorder as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Paragraph (g) of this Section, or of which by said Paragraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Recorder of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(g) The Trustee shall not be required to take notice -or be deemed to have notice of any Event of Default hereunder, except an Event of Default described in Section 7.1(a) or (b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer or by the Registered Owners of at least 25% in the aggregate principal amount of any Series of the Bonds then Outstanding and all notices or other instruments required hereby to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(h) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Issuer pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview hereof, any showing, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the trustee.

(k) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(l) If any Event of Default hereunder shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

(m) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders or Reserve Instrument Providers, pursuant to the provisions of this Indenture, unless such Bondholders or Reserve Instrument Providers shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(n) The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture or any supplement hereto.

Section 8.2. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as hereinabove provided. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

Section 8.3. Notice to Registered Owners if Event of Default Occurs. If an Event of Default occurs of which the Trustee is by Section 8.1(g) hereof required to take notice or if notice of Default be given as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail to all Registered Owners of all Bonds then Outstanding shown on the registration books of the Bonds kept by the Trustee as Registrar for the Bonds.

Section 8.4. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Registered Owners of the Bonds, the Trustee may intervene on behalf of such Owners and shall do so if requested in writing by the Registered Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 8.5. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed of conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.6. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, served personally or by registered mail, and by registered or certified mail to each Reserve Instrument Provider and Registered Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of a successor Trustee by the registered Owners or by the Issuer as provided in Section 8.8 hereof; *provided, however* that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

Section 8.7. Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments (i) in writing delivered to the Trustee, and signed by the Issuer, unless there exists any Event of Default, or (ii) in writing delivered to the Trustee and the Issuer, and signed by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding if an Event of Default exists; *provided* that such instrument or instruments concurrently appoint a successor Trustee meeting the qualifications set forth herein.

Section 8.8. Appointment of Successor Trustee; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer (or, if an Event of Default exists, by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; *provided, nevertheless*, that in case of such vacancy the Issuer by an instrument executed by its Mayor and attested by its City Recorder under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above *provided*; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Registered Owners). Every

successor Trustee appointed pursuant to the provisions of this Section or otherwise shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000.

Each Reserve Instrument Provider shall be notified immediately upon the resignation or termination of the Trustee and provided with a list of candidates for the office of successor Trustee.

Section 8.9. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed or recorded.

Section 8.10. Trustee Protected in Relying Upon Indenture, Etc. The indentures, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 8.11. Successor Trustee; Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee, Registrar and Paying Agent hereunder, and the successor Trustee shall become such Trustee, Registrar and Paying Agent for the Bonds.

Section 8.12. Trust Estate May Be Vested in Separate or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation hereunder, and in particular in case of the enforcement of remedies on Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended hereby to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee, but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request of such trustee or co-trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.13. Annual Accounting. The Trustee shall prepare an annual accounting for each Bond Fund Year by the end of the month following each such Bond Fund Year showing in reasonable detail all financial transactions relating to the funds and accounts held by the Trustee hereunder during the accounting period and the balance in any funds or accounts created hereby as of the beginning and close of such accounting period, and shall mail the same to the Issuer, and to each Reserve Instrument Provider requesting the same. The Trustee shall also make available for inspection by any Registered Owner a copy of said annual accounting (with the names and addresses of Registered Owners receiving payment of debt service on the Bonds deleted therefrom) and shall mail the same if requested in writing to do so by Registered Owners of at least 25% in aggregate principal amount of Bonds then Outstanding to the designee of said Owners specified in said written request at the address therein designated. On or before the end of the month following each Bond Fund Year, the Trustee shall, upon written request, provide to the Issuer and the Issuer's independent auditor representations as to the accuracy of the facts contained in the financial reports that were delivered by the Trustee during the Bond Fund Year just ended.

Section 8.14. Indemnification. Subject to the provisions of Section 8.1(a) of this Indenture, the Issuer shall indemnify and save Trustee harmless against any liabilities it may incur in the exercise and performance of its powers and duties hereunder, other than those due to its own negligence or willful misconduct.

Section 8.15. Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.1. Supplemental Indentures Not Requiring Consent of Registered Owners or Reserve Instrument Providers. The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners or Reserve Instrument Providers, enter into an indenture or indentures supplemental hereto, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To provide for the issuance of the Initial Bonds or the Additional Bonds in accordance with the provisions of Section 2.13 hereof;
- (b) To cure any ambiguity or formal defect or omission herein;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Reserve Instrument Providers;
- (d) To subject to this Indenture additional Revenues or other revenues, properties, collateral or security;
- (e) To make any other change hereto which, in the judgment of the Trustee, is not materially prejudicial to the interests of the Registered Owners, the Trustee or any Reserve Instrument Provider;
- (f) To provide for the appointment of a successor Trustee, a Paying Agent a separate or co-trustee, or Registrar; and
- (g) If the Bonds affected by any change are secured by credit enhancement, to make any change approved in writing by the related credit enhancement provider.

Section 9.2. Supplemental Indentures Requiring Consent of Registered Owners Reserve Instrument Providers; Waivers and Consents by Registered Owners. Exclusive of Supplemental Indentures covered by Section 9.1 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Registered Owners of 66 2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions hereof or of any indenture supplemental hereto; *provided, however*, that nothing in this Section contained shall permit or be construed as permitting (a) an extension of the stated maturity

or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required to be made to the Bond Fund or the Debt Service Reserve Fund established hereunder applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. In addition, no supplement hereto shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee. If a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in Section 9.1, neither this Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Reserve Instrument Provider.

ARTICLE X

DISCHARGE OF INDENTURE

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Registered Owners of the Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, and to all Reserve Instrument Providers all sums of money due or to become due according to the provisions of any Reserve Instrument Agreements, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien hereof, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien hereof, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds or the payment of amounts pursuant to any Reserve Instrument Agreements.

Any Bond shall be deemed to be paid within the meaning of this Article when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided herein, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Direct Obligations, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be

deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits hereof, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted hereby);
- (b) to instruct the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to Subparagraph (i) above; and
- (c) if the Bonds to be redeemed will not be redeemed within 90 days of such deposit, to instruct the Trustee to mail, as soon as practicable, in the manner prescribed by Article II hereof, a notice to the Registered Owners of such Bonds that the deposit required by this Section has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (a) above.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Direct Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund; *provided, however*, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with or for the benefit of the Trustee and invested in Direct Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay principal and interest on the Bonds when due and payable.

Notwithstanding any provision of any other Article hereof which may be contrary to the provisions of this Article, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Direct Obligations have been so set aside in trust.

Anything in Article VIII hereof to the contrary notwithstanding, if moneys or Direct Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Registered Owner of each Bond affected thereby.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Consents, Etc., of Registered Owners. Any consent, request, direction, approval, objection or other instrument required hereby to be executed by the Registered Owners may be in any number of concurrent writings of similar tenor and may be executed by such Registered Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely, the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

Section 11.2. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Registered Owners of the Bonds and the Reserve Instrument Providers, any legal or equitable right, remedy or claim under or in respect hereto or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Registered Owners of the Bonds and the Reserve Instrument Providers as herein provided.

Section 11.3. Severability. If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections herein contained shall not affect the remaining portions hereof, or any part thereof.

Section 11.4. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer if the same shall be duly mailed by registered or certified mail addressed to it at 445 Marsac Avenue, Park City, Utah 84060, Attention: Mayor, or to such address as the Issuer may from time to time file with the Trustee. It shall be sufficient service of any notice or other paper on the Trustee if the same shall be duly mailed by registered or certified mail addressed to it at Zions First National Bank, 10 East South Temple, 3rd Floor, Attention: Corporate Trust Services, or to such other address as the Trustee may from time to time file with the Issuer.

Section 11.5. *Trustee as Paying Agent and Registrar.* Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

Section 11.6. *Counterparts.* This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7. *Applicable Law.* THIS INDENTURE SHALL BE GOVERNED EXCLUSIVELY BY THE APPLICABLE LAWS OF THE STATE.

Section 11.8. *Immunity of Officers and Directors.* No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein contained against any past, present or future officer, or other public official, employee, or agent of the Issuer.

Section 11.9. *Holidays.* If any date for the payment of principal of or interest on the Bonds is not a Business Day, then such payment shall be due on the first day thereafter which is not a Holiday and no interest shall accrue for the period between such Holiday and such first day thereafter.

Section 11.10. *Effective Date.* This Indenture shall become effective immediately.

Section 11.11. *Compliance with Municipal Bond Act and Refunding Bond Act.* It is hereby declared by the Issuer's City Council that it is the intention of the Issuer by the execution of this Indenture to comply in all respects with the provisions of the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, as applicable.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed as of the date first written above.

PARK CITY, SUMMIT COUNTY, UTAH, as Issuer

/s/ Dana Williams
Mayor

ATTEST:

/s/ Janet M. Scott
City Recorder

[SEAL]

ZIONS FIRST NATIONAL BANK, as Trustee

By: /s/ Stephanie Nicholls
Assistant Vice President

EXHIBIT A

FORM OF REQUISITION

RE: Park City, Summit County, Utah Water Revenue Bonds, Series _____ in the sum of \$ _____

Zions First National Bank
10 East South Temple, 3rd Floor
Salt Lake City, Utah 84111

You are hereby authorized to disburse from the Series _____ Subaccount of the Construction Fund with regard to the above-referenced bond issue the following:

REQUISITION NUMBER: _____

NAME AND ADDRESS OF PAYEE: _____

AMOUNT: \$ _____

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED: _____

Each obligation, item of cost, or expense mentioned herein has been properly incurred, is a proper charge against the Series _____ Subaccount of the Construction Fund based upon audited, itemized claims substantiated in support thereof, and has not been the basis for a previous withdrawal.

The amount remaining in the Series _____ Subaccount of the Construction Fund after such disbursement is made, together with the amount of unencumbered Revenues, if any, which the Issuer reasonably estimates will be deposited in the Series _____ Subaccount of the Construction Fund during the period of construction of the Project from the investment of moneys on deposit in the Series _____ Subaccount of the Construction Fund, will, together with any other moneys lawfully available or expected to be lawfully available for payment of the Cost of the Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of

Completion for the Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the Series _____ Subaccount of the Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the Series _____ Subaccount of the Construction Fund, together with such other funds and income and lawfully available moneys, are sufficient to pay the Cost of Completion for the Project.

DATED: _____ By: _____
Its: _____

[If applicable: The foregoing requisition is hereby approved by the following agency of the State of Utah:

By: _____
Its: _____]

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2021 Bonds, Gilmore & Bell, P.C., Bond Counsel to the City, proposes to issue their final approving opinion in substantially the following form.

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15 West South Temple, Suite 1450
Salt Lake City, Utah 84101-1531

(801) 364-5080 / (801) 364-5032 FAX / gilmorebell.com

October 13, 2021

Park City, Utah
445 Marsac Avenue
Park City, Utah 84060

We have acted as bond counsel to Park City, Utah (the “Issuer”) in connection with the issuance by the Issuer of its \$66,135,000 Water Revenue and Refunding Bonds, Series 2021 (Green Bonds) (the “Series 2021 Bonds”). The Series 2021 Bonds are being issued pursuant to (i) resolutions of the City Council of the Issuer adopted on April 16, 2020 and September 2, 2021; (ii) a General Indenture of Trust dated as of December 1, 2002 (the “General Indenture”), as previously amended and supplemented, and as further amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of October 1, 2021 (the “Thirteenth Supplemental Indenture” and together with the General Indenture, the “Indenture”), each by and between the Issuer and Zions Bancorporation, National Association, as trustee; and (iii) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and other applicable provisions of law. The Series 2021 Bonds are being issued for the purposes of (a) financing the cost of acquisition, construction and completion of improvements to the water system of the Issuer, (b) refunding certain outstanding water revenue bonds of the Issuer and (c) paying certain issuance expenses to be incurred in connection with the issuance and sale of the Series 2021 Bonds.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Series 2021 Bonds under the applicable laws of the State of Utah and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Indenture has been authorized, executed and delivered by the Issuer, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer, and creates a valid lien on the Net Revenues (as defined in the Indenture) and the other amounts pledged thereunder for the security of the Series 2021 Bonds.

2. The Series 2021 Bonds are valid and binding special obligations of the Issuer payable solely from the Net Revenues and other amounts pledged therefor in the Indenture, and the Series 2021 Bonds do not constitute a general obligation indebtedness of the Issuer within the meaning of any State of Utah constitutional provision or statutory limitation, nor a charge against the full faith and credit or taxing power of the Issuer.

3. The interest on the Series 2021 Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that interest thereon be, or continue to be, excludable from

gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021 Bonds.

4. The interest on the Series 2021 Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2021 Bonds.

The rights of the holders of the Series 2021 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

October 13, 2021

THIS CONTINUING DISCLOSURE UNDERTAKING (the “Agreement”) is executed and delivered by Park City, Utah (the “Issuer”) in connection with the issuance of \$66,135,000 Water Revenue and Refunding Bonds, Series 2021 (Green Bonds) (the “Bonds”). The Bonds are being issued pursuant to a General Indenture of Trust, dated as of December 1, 2002 (the “General Indenture”), between the City and Zions Bancorporation, National Association, as trustee, as supplemented and amended, including by a Thirteenth Supplemental Indenture of Trust, dated as of October 1, 2021 (collectively, the “Indenture”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“Annual Financial Information” means the financial information and operating data described in Exhibit I.

“Annual Financial Information Disclosure” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“Audited Financial Statements” means the audited financial statements of the Issuer prepared pursuant to the standards and as described in Exhibit I.

“Commission” means the Securities and Exchange Commission.

“Dissemination Agent” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

II. “Reportable Event” means the occurrence of any of the Events with respect to the Bonds set forth in Exhibit

5. “Reportable Events Disclosure” means dissemination of a notice of a Reportable Event as set forth in Section

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“State” means the State of Utah.

“Undertaking” means the obligations of the Issuer pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

<u>DECEMBER 15 OF THE YEAR</u>	<u>CUSIP NUMBER</u>
2022	700251 ES6
2023	700251 ET4
2024	700251 EU1
2025	700251 EV9
2026	700251 EW7
2027	700251 EX5
2028	700251 EY3
2029	700251 EZ0
2030	700251 FA4
2031	700251 FB2
2032	700251 FC0
2033	700251 FD8
2034	700251 FE6
2035	700251 FF3
2036	700251 FG1
2037	700251 FH9
2038	700251 FJ5
2039	700251 FK2
2040	700251 FL0
2041	700251 FM8

The Final Official Statement relating to the Bonds is dated September 30, 2021 (the “Final Official Statement”). The Issuer will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G 32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

Section 6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

Section 7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Issuer shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

Section 11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

PARK CITY, UTAH

By: _____
Mayor

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Official Statement under the following captions:

HISTORICAL DEBT SERVICE COVERAGE

THE SYSTEM

- Sources And Supplies Of Water
- Customers And Water Usage
- Largest Paying Water Customers
- Peak Demand
- Historical Five-Year Financial Summaries Of The System

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by seven months after the last day of the Issuer’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah cities in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Issuer.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. The incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties

APPENDIX E

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede &

Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2021 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2021 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2021 Bond certificates will be printed and delivered to DTC.

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

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APPENDIX F

SECOND PARTY OPINION GREEN BONDS DESIGNATION

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Second Party Opinion

EXECUTIVE SUMMARY

ISSUER

Park City, Utah

OPINION ON

Water Revenue and Refunding Bonds, Series 2021 (Green Bonds)

GREEN STANDARD AND CATEGORIES



- Sustainable Water Management
- Green Buildings

EVALUATION DATE

September 22, 2021

SUMMARY

Kestrel Verifiers is of the opinion that the Water Revenue and Refunding Bonds, Series 2021 (Green Bonds) ("2021 Bonds") conform with the four core components of the Green Bond Principles 2021 as follows:

▪ Use of Proceeds

Park City, Utah ("City") intends to issue Green Bonds to finance and refinance improvements to the City's drinking water system. The new money portion of the 2021 Bonds will partially fund construction of a water treatment plant and other system improvements. Excluding certain water treatment and distribution equipment, the water treatment facility is designed to meet net zero energy standards. Proceeds will also be used to refund two bonds which financed capital improvements to the drinking water system. The 2021 Bonds align with two eligible project categories under the Green Bond Principles: *Sustainable Water Management* and *Green Buildings*.

▪ Process for Project Evaluation and Selection

Identified needs for water supply reliability, expanded water treatment capacity, and improved water quality informed the selection and design of the 3Kings Water Treatment Facility and related system improvements. The funded projects and refunded bonds have been identified as green projects through their clear alignment with Park City's ambitious climate action goals to use 100% renewable energy for City operations by 2022, and alignment with zero net energy mandates for new municipal buildings.

▪ Management of Proceeds

Bond proceeds shall be allocated to finance water system improvements, refunding, and related financing expenses. Proceeds will be immediately allocated to refund the outstanding bonds to be refunded and a separate fund will be established for the new money and managed separately from all other funds in the City.

▪ Reporting

The City commits to posting continuing disclosures to the Municipal Securities Rulemaking Board ("MSRB") annually through the Electronic Municipal Market Access ("EMMA") system. Periodic updates on the status of the primary bond-financed project will be made available on the City's website.

▪ Impact and Alignment with United Nation Sustainable Development Goals

By financing the construction of the water treatment facility and improvements to a water system to increase resilience and efficiency in operations in alignment with climate action goals, the 2021 Bonds support and advance multiple UN SDGs, including Goals 6: *Clean Water and Sanitation*, 7: *Affordable and Clean Energy*, 9: *Sustainable Infrastructure*, 12: *Sustainable Use of Natural Resources*.

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Second Party Opinion

Issuer:	Park City, Utah
Issue Description:	Water Revenue and Refunding Bonds, Series 2021 (Green Bonds)
Project:	Water System Improvements
Green Standard:	Green Bond Principles
Green Categories:	Sustainable Water Management Green Buildings
Par:	\$66,135,000
Evaluation Date:	September 22, 2021

GREEN BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of this bond to evaluate conformance with the Green Bond Principles (June 2021) established by the International Capital Market Association.

This Second Party Opinion reflects our review of the uses and allocation of proceeds and oversight and conformance of the bonds with the Green Bond Principles. In our opinion, the Water Revenue and Refunding Bonds, Series 2021 (“2021 Bonds”) are aligned with the four core components of the Green Bond Principles and qualify for green bonds designation. In May 2020, Kestrel Verifiers provided a Second Party Opinion on the designation of Park City’s first issuance of green bonds, the Water Revenue and Refunding Bonds, Series 2020 (Green Bonds).

ABOUT THE ISSUER

Park City, Utah (“City”) is located in the Wasatch Mountains, approximately 30 miles east of Salt Lake City, Utah with a land area of approximately 18 square miles. The City’s population was 8,526 in a 2019 Census estimate. Park City is a popular area for second homes and short-term rentals and regularly accommodates up to 50,000 daytime visitors.

The City has recognized that climate change is deeply affecting the community through changes in weather patterns including droughts, volatile snow events, and warmer temperatures, and has acted with urgency to address climate change. The City has partnered with the Global Covenant of Mayors for Climate and Energy, The Climate Reality Project’s 100% Committed initiative, the Carbon Disclosure Project (since 2008) and is a member of the International Local Governments for Sustainability.

It follows that Park City has prioritized emission reductions through adopted resolutions, plans and policies. In 2009, it became the first community in Utah to conduct a baseline greenhouse gas inventory.¹ On March 24, 2016 Park City Council passed resolution No. 04-16 to achieve Net-zero carbon by 2022 for the municipal government and by 2032 for the broader community. On September 22, 2016 the resolution was amended to include the clause that the electricity portion of this goal be achieved using only renewable electricity. In

¹ “Carbon Footprint and Roadmap for Reduction,” Park City, Utah, accessed September 16, 2021, <http://www.parkcitygreen.org/Documents/Park-City---Community-Carbon-Footprint.aspx>

October 2017 the City Council voted unanimously to approve a net-zero energy performance requirement for all municipal buildings and facilities. Furthermore, the City has a robust Climate Action Plan with clear goals and targets.

Park City operates the water system that serves the area (5400 connections), including water rights, distribution lines, treatment, pumping stations and facilities. Water sources include three ground water wells, a spring, two tunnels and two water leases (Jordanelle Special Service District Water and Weber Basin Water Conservancy District Water Lease). The City's water sources allow for production of up to 6,000 gallons per minute with some seasonal variability, and 10 storage facilities hold up to 14.65 million gallons which are critical to resiliency, fire protection and flexibility of operations.

The tunnels are somewhat unique. Park City Public Utilities maintains two former mine tunnels that were originally constructed in the early 1900's as ground water drainage tunnels that redirected water out of other active mining tunnels. Now abandoned from mining activities, the tunnels produce a constant flow of water and are a substantial water source for Park City, in addition to being the headwaters of McLeod Creek. With proper treatment, water from the tunnels is used for drinking water supply, irrigation, snowmaking, and release into the environment.

Park City monitors long-term sustainability of its total water supply and has developed a program that is responsive to monitoring results. Water conservation programs that have reduced water demand from residential water customers by 50%.

The City has identified a clear nexus between the its water supply sustainability goals and its carbon emissions goals: water treatment and distribution are the source of more than a third of the City's emissions. For this reason, Park City has placed its focus on zero net energy facilities for water treatment.

ALIGNMENT TO GREEN STANDARDS

Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles (International Capital Market Association definition).

Use of Proceeds

The 2021 Bonds will be used to finance and refinance significant upgrades to the City's drinking water system (collectively, "Water System Improvements"). The 2021 Bonds will refund the City's Water Revenue bonds Series 2012 ("2012 Bonds") and the City's Water Revenue and Refunding Bonds Series 2012B ("2012B Bonds"). The financed projects will improve water quality, increase reliability, efficiency, and treatment capacity. An overview of the projects to be financed with new money is shown in Table 1. The Water System Improvements are eligible projects as defined by the Green Bond Principles in the project categories of *Sustainable Water Management* and *Green Buildings*.

Green Standard



The Green Bond Principles

Eligible Project Categories:

- Green Buildings
- Sustainable Water and Wastewater Management

Table 1. System Improvements receiving new money from the 2021 Bond proceeds. Allocation of proceeds shown below is approximate and depends on future bonds issued by the City for the projects, among other factors.

Approximate 2021 Bond Proceeds	Description	Groundbreaking	Environmental Benefit
\$53.8 million	3Kings Water Treatment Facility construction	Fall/Winter 2019	Increase treatment capacity, including for mining influenced water; Designed to treat 7 million gallons per day and align with net zero energy standards
\$2.5 million	Kings Crown Water Tank	2023-2025	Increase system reliability and redundancy

Approximate 2021 Bond Proceeds	Description	Groundbreaking	Environmental Benefit
\$1.2 million	Transmission and distribution lines	April 2020	Support effective delivery of treated and untreated water to and from 3Kings
\$13.4 million	Water infrastructure upgrades	2021	Reduce water loss and increase system resilience by replacing infrastructure in poor condition

3Kings Water Treatment Facility: A majority of the 2021 Bond proceeds will be used to construct the \$104 million 3Kings Water Treatment Plant (“3Kings”), scheduled for completion in Summer 2023. Excluding certain water treatment and distribution equipment, the 3Kings facility is designed to meet net zero energy standards and includes many innovative and sustainable building features.² The design process included energy modeling which informed selection of the HVAC system, lighting controls, and other building control systems. Major loads of the building will be segregated (i.e. sub metering). The facility includes micro-hydro power generation, solar panels and energy efficiency features throughout.

When completed, the 3Kings facility will replace the City’s existing Spiro Water Treatment Plant and will have capacity to treat approximately seven million gallons of water per day, delivered from a City spring and the Judge and Spiro tunnels. The 3Kings facility will improve the City’s ability to remove metals from source water, ensuring regulatory compliance and preventing ecosystem impairment.

Transmission, Distribution and Storage: 2021 Bond proceeds will fund installation and replacement of transmission and distribution lines to convey water to and from the new 3Kings facility. The Kings Crown Water Tank will store approximately two million gallons of water and provide essential storage for downtown Park City and Vail Ski Resort. The increased storage capacity will improve redundancy and water storage during episodes of drought.

Refunding: 2021 Bond proceeds will refund \$1,925,000 of the 2012 Bonds that financed transmission lines for Quinn’s Junction and improvements at the Quinn’s Water Treatment Plant. The 2021 Bonds will also refund \$5,525,000 of the 2012B Bonds that financed water system improvements at Judge Water Treatment Plant, Quinn’s Water Treatment Plant, pipeline replacements, other infrastructure improvements, and refunded \$390,000 of Park City’s Water Revenue Bonds, Series 2006. The Judge Water Treatment Plant treats mining-influenced water from the Judge Tunnel. The Quinn’s Water Treatment Plant treats water for the Weber Basin Water Conservancy District. Improvements to these facilities have ensured efficient treatment and delivery of drinking water for Park City residents, through transfers, until the 3Kings plant is operational.

Process for Project Evaluation and Selection

Park City has multiple strategic and transparent public plans that prioritize environmental objectives in project selection, including climate-related objectives. In Park City’s 2030 plan, a sustainable water supply that meets the City’s current and future needs is deemed essential to long-term viability. Additionally, the Water Division of the Public Utilities Department has a long-range plan called the Water & Energy Resiliency program which aims to reduce energy and water consumption and increase system optimization and renewable energy production. A City-wide long-term strategic plan establishes sustainable water management as a core principle. System Improvements funded with the 2021 Bonds have prioritized energy efficiency and renewable energy generation and are aligned with the City’s broader goals of ensuring future resiliency of the water system and climate action.

The City’s Sustainability Department leads community engagement efforts. Many stakeholders have had a say in the specific plans for the 3Kings Water Treatment Plant, including City residents, the Public Utilities, Planning and Sustainability Departments, the City Manager’s Office, and the City Council.

² See City Resolution 28-2017 *Net-Zero Energy Performance Requirements*

Management of Proceeds

2021 Bond proceeds shall be spent to finance improvements to the water system, refund the outstanding 2012 Bonds and the 2012B Bonds, and to finance related costs of issuance. Proceeds for the two refundings will be deposited to refund the 2012 Bonds and the 2012B. Proceeds for the 3Kings Water Treatment Plant and other System Improvements will be deposited into a separate 2021 project account. Bond proceeds may temporarily be invested in instruments approved by Utah's State Money Management Act. Approved investments include, but are not limited to in-state and out-of-state financial institutions, US Treasury obligations, and certain federal government agency securities. Original proceeds from the bonds to be refunded were managed from separate bond-specific subaccounts.

Reporting

The City intends to submit continuing disclosures to the Municipal Securities Rulemaking Board ("MSRB") so long as the 2021 Bonds are outstanding, and will also provide reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB. Additionally, construction updates for the 3Kings project are regularly available on the project website: <https://www.parkcity.org/departments/public-utilities/engineering-construction-division/water-projects/3kings-water-treatment-plant>.

The City will also voluntarily produce an annual report on the allocation of bond proceeds to the drinking water system improvements and confirm the energy performance of the building once it is operational. These reports will be posted on the City's website and made available until all proceeds have been spent.

IMPACT AND ALIGNMENT WITH UN SDGS

By financing projects that increase the reliability, sustainability and efficiency of the water treatment and distribution system, the Bonds are helping to address UN Sustainable Development Goals 6, 7, 9, and 12. The effective treatment of mining-influenced water to reduce the potential negative impacts of pollutants supports Target 6.3. By funding the installation solar arrays at the 3Kings facility, the Bonds advance Target 7.2. The incorporation of efficiency features in the 3Kings plant supports Target 7.3. The construction of a treatment facility largely aligned to net zero standards and maintenance and upgrades to water transmission and the distribution systems directly advance Targets 6.3, 6.5, 9.4, and 12.2.

Full text of the Targets for Goals 6, 7, 9, and 12 is available in Appendix A, with additional information available on the United Nations website: www.un.org/sustainabledevelopment



Clean Water and Sanitation (Targets 6.1, 6.3, 6.5)

Possible Indicators

- Increased drinking water storage capacity
- Amount of treated mining influenced water
- Documentation of integrated water resource management



Affordable and Clean Energy (Targets 7.2, 7.3)

Possible Indicators

- Installed renewable generation capacity
- Reduction in greenhouse gas emissions as a result of on-site power generation



Sustainable Infrastructure (Target 9.4)

Possible Indicators

- Increased resource-use efficiency
- Documentation of energy performance



Sustainable Use of Natural Resources (Target 12.2)

Possible Indicators

- Decrease in water loss due to distribution and transmission line upgrades
- Reduction in grid energy demand due to on-site generation

CONCLUSION

Based on our independent external review, the 2021 Bonds (Green Bonds) conform, in all material respects, with the Green Bond Principles (2021) and are in complete alignment with two eligible project categories: *Sustainable Water Management* and *Green Buildings*. The System Improvements will conserve natural resources and help Park City meet its exemplary climate action goals.

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ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women's Business Enterprise.

For more information, visit www.kestrelverifiers.com

DISCLAIMER

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information which was available to us during the time of this engagement (September 2021) only. By providing this Opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Green Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the City and publicly available information. The Opinion delivered by Kestrel Verifiers does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the City, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the City or the projects discussed. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Appendix A.

UN SDG TARGET DEFINITIONS

Target 6.1

By 2030, achieve universal and equitable access to safe and affordable drinking water for all

Target 6.3

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

Target 6.5

By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate

Target 7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

Target 7.3

By 2030, double the global rate of improvement in energy efficiency

Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Target 12.2

By 2030, achieve the sustainable management and efficient use of natural resources



Appendix B. PARK CITY RESOLUTION 32-2018

RESOLUTION 32-2018
A RESOLUTION BY THE PARK CITY COUNCIL TO ACHIEVE NET-ZERO CARBON BY
2022 FOR THE MUNICIPAL GOVERNMENT AND BY 2030 FOR THE BROADER
COMMUNITY AND FOR PARK CITY TO INVITE OTHER LOCAL GOVERNMENTS TO
JOIN US WITH THE GOAL.

WHEREAS, Climate Change is deeply affecting our community through changes in weather patterns including droughts, volatile snow events, and warmer temperatures; and

WHEREAS, the State of Utah is seeing record wildfires, droughts, intense storms, heat waves, inversions, and extreme weather events that are having negative impacts on its economy.

WHEREAS, Climate Scientists have issued dire warnings that systematic change must happen to avoid the most severe impacts of climate change.

WHEREAS, transitioning to the new energy economy will provide significant economic benefit to the community and the State of Utah, and Utah could become the leader in renewable energy for the West.

WHEREAS, Park City is nestled in the Wasatch Range and is dependent on world class snow and moderate temperatures to sustain our resort economy and support our high quality of life; and

WHEREAS, our community has expressed deep concerns for the environment we live in. Many citizens have chosen to move to Park City because of our beautiful natural setting, clean air, expansive open spaces, and snow covered mountains; and

WHEREAS, local governments are the front line of Climate Change, inaction by the federal government pushes the burden on local communities to act. In addition, community based efforts are nimble and more directly able to address the impacts of Climate Change; and

WHEREAS, our community came out with strong support, asking that we address this issue, not just for our municipal government, but for our broader community impact; and

WHEREAS, as a resort community, we have an opportunity to broadly influence opinions on Climate Change. We are an international brand known for our natural setting and recreation.

WHEREAS, we have a disproportionately sized carbon footprint due to our mountain climate, large homes, visitor travel and complex infrastructure. This is not sustainable utilizing our current energy sources; and

WHEREAS, Park City cannot solve Climate Change alone. We need other communities to join us in solving Climate Change as soon as possible.

NOW, THEREFORE, BE IT RESOLVED that the Mayor of Park City and the Park City Council strongly urge other local governments to join us in our goal of becoming a net-zero carbon government agency by 2022 and a net-zero carbon community with the annual electricity needs coming from 100% renewable resources by 2030.

FURTHER, BE IT RESOLVED, that the City engage with other interested communities to adopt the same goals.

PASSED by the City Council of Park City this 29th day of November, 2018.



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