

*In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2020 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2020 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Bonds.*



# \$75,515,000

## Park City, Utah

### Water Revenue and Refunding Bonds, Series 2020 (Green Bonds)



The \$75,515,000 Water Revenue and Refunding Bonds, Series 2020 (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 2020 Bonds.

Principal of and interest on the 2020 Bonds (interest payable June 15 and December 15 of each year, commencing December 15, 2020) are payable by Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2020 BONDS—Book-Entry System" herein.

The 2020 Bonds are subject to optional redemption prior to maturity. See "THE 2020 BONDS—Redemption Provisions" herein. The 2020 Bonds are being designated as "green bonds" by Kestrel Verifiers see "DESIGNATION OF 2020 BONDS AS GREEN BONDS" herein.

The 2020 Bonds are being issued to (i) fund certain improvements to the City's public works facilities for water, (ii) refunding prior bonds issued by the City, and (iii) for the payment of costs associated with the issuance of the 2020 Bonds. See "THE 2020 BONDS—Plan Of Refunding"—Sources And Uses Of Funds" and "THE 2020 PROJECTS" herein. The 2020 Bonds and Outstanding Parity Bonds previously issued by the City will be equally and ratably secured under the Indenture.

*The 2020 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 2020 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 2020 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" herein.*

**Dated:** Date of Delivery<sup>1</sup>

**Due:** December 15, as shown on inside front cover

**See the inside front cover for the maturity schedule of the 2020 Bonds**

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*<sup>®</sup> electronic bid submission system on May 28, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this PRELIMINARY OFFICIAL STATEMENT) to J.P. Morgan Securities LLC, New York, New York at a "true interest rate" of 1.85%.

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 May 28, 2020 and the information contained herein speaks only as of that date.

<sup>1</sup> The anticipated date of delivery is Tuesday, June 16, 2020.

# Park City, Utah

**\$75,515,000**

## Water Revenue and Refunding Bonds, Series 2020 (Green Bonds)



**Dated: Date of Delivery<sup>1</sup>**

**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</u>
2020.....	DX6	\$2,020,000	5.00 %	0.12%
2021.....	DY4	2,125,000	5.00	0.15
2022.....	DZ1	2,250,000	5.00	0.21
2023.....	EA5	2,325,000	5.00	0.29
2024.....	EB3	175,000	5.00	0.37
2026.....	EC1	1,945,000	5.00	0.62
2027.....	ED9	2,000,000	5.00	0.74
2028.....	EE7	4,250,000	5.00	0.86
2029.....	EF4	4,475,000	5.00	0.91
2030.....	EG2	4,700,000	5.00	1.01 <sup>c</sup>
2031.....	EH0	4,875,000	3.00	1.36 <sup>c</sup>
2032.....	EJ6	5,025,000	3.00	1.50 <sup>c</sup>
2033.....	EK3	5,175,000	3.00	1.63 <sup>c</sup>
2034.....	EL1	5,350,000	3.00	1.68 <sup>c</sup>
2035.....	EM9	5,500,000	3.00	1.75 <sup>c</sup>
2036.....	EN7	5,650,000	2.00	2.17
2037.....	EP2	5,775,000	2.125	2.22
2038.....	EQ0	5,875,000	2.125	2.26
2039.....	ER8	6,025,000	2.125	2.30

<sup>1</sup> The anticipated date of delivery is Tuesday, June 16, 2020.

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<sup>c</sup> Priced to par call on June 15, 2030.

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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 2020 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, Corporate Trust Department, Salt Lake City, Utah, (as Paying Agent); the State of Utah; 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 2020 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 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

***The yields/prices at which the 2020 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2020 Bonds to dealers and others. With any offering of the 2020 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2020 Bonds. Such transactions may include overallocments in connection with the purchase of 2020 Bonds to stabilize their market price and to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.***

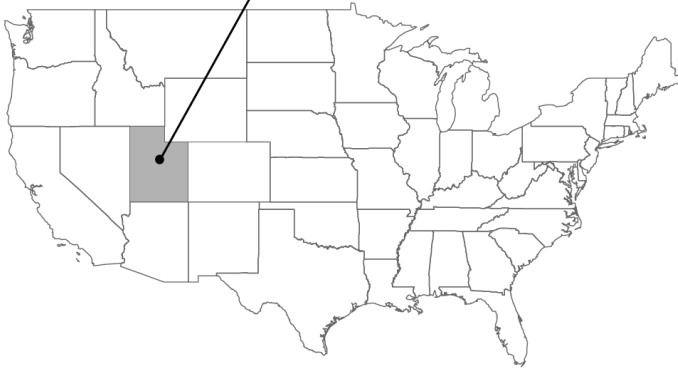
***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange 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 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2020 Bonds.

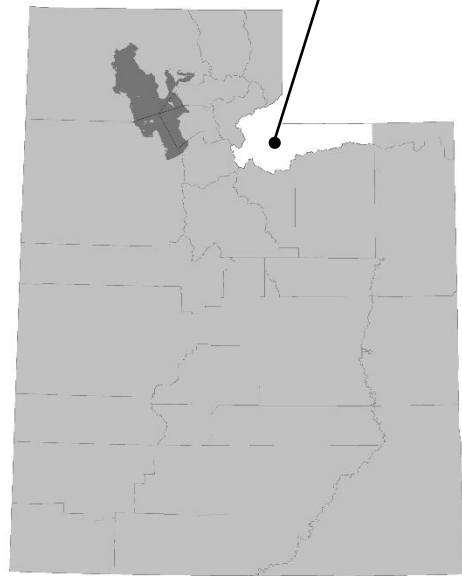
***References to websites presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this OFFICIAL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

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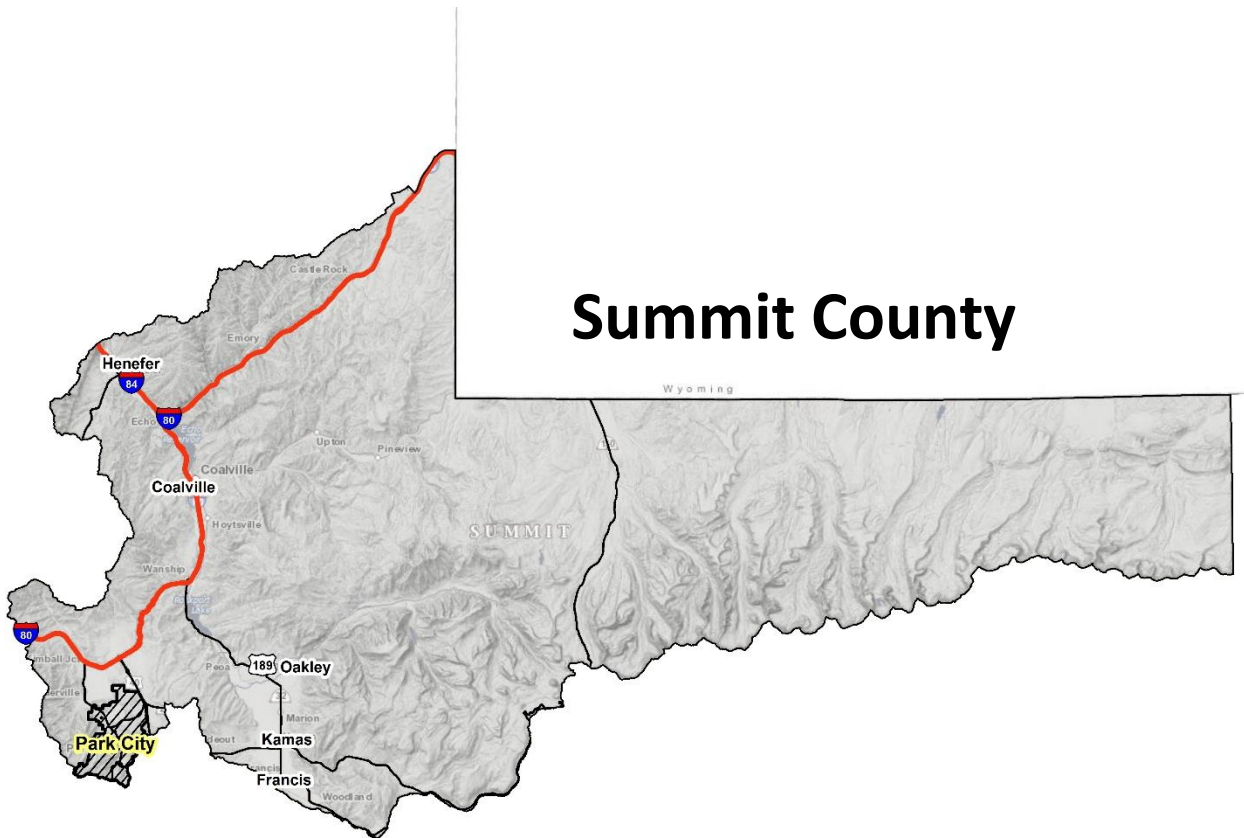
**Utah**



**Summit County**



**Summit County**



# OFFICIAL STATEMENT RELATED TO

**\$75,515,000**

## **Park City, Utah**

### **Water Revenue and Refunding Bonds, Series 2020 (Green Bonds)**



#### **INTRODUCTION**

This introduction is only a brief description of the 2020 Bonds, as hereinafter defined, the security and source of payment for the 2020 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—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019;” “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 the City; Summit County, Utah (the “County”); the State of Utah (the “State”); national; and global economic activity (increasing public and private health emergency response costs and reducing sources of City and State revenues) and consequently is expected to materially adversely impact the financial condition of the City. Because the OFFICIAL STATEMENT relies on future budgets and 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.

*As of the date of this OFFICIAL STATEMENT, for a discussion of the City’s current response to manage the economic recovery and all current City revenues, expenditures and budgets, 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 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS” below.*

## Public Sale/Electronic Bid

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the **PARITY**<sup>®</sup> electronic bid submission system on May 28, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this PRELIMINARY OFFICIAL STATEMENT) to J.P. Morgan Securities, New York, New York at a “true interest rate” of 1.85%.

## 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 2020 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the City of its \$75,515,000 Water Revenue and Refunding Bonds, Series 2020 (**Green Bonds**) (the “2020 Bonds or “2020 Bond”), initially issued in book–entry form.

## Authority And Purpose Of The 2020 Bonds; Outstanding Parity Bonds

*Authority And Purpose Of The 2020 Bonds.* The 2020 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) the resolution of the City Council adopted on April 16, 2020 (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, Corporate Trust Department, Salt Lake City, Utah (“Zions Bancorporation”), as successor trustee (the “Trustee”), and as further supplemented by a Twelfth Supplemental Indenture of Trust, dated as of June 1, 2020 (the “Twelfth Supplemental Indenture of Trust”), between the City and the Trustee providing for the issuance of the 2020 Bonds. The General Indenture, together with all amendments or supplements thereto, including without limitation the Twelfth Supplemental Indenture of Trust, is sometimes referred to collectively herein, as the “Indenture.”

The 2020 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 2020 Bonds. See “THE 2020 BONDS—Plan of Refunding” “—Sources And Uses Of Funds” and “THE 2020 PROJECTS” below.

*Outstanding Parity Bonds.* The 2020 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 \$1,250,000 (the “2009A Bonds”);

(ii) \$10,135,000, Taxable Water Revenue Bonds, Series 2009C (Build America Bonds–Issuer Subsidy), currently outstanding in the aggregate principal amount of \$10,135,000 (the “2009C Bonds”), after the refunding of a portion of the 2009C Bonds, the remaining aggregate principal amount will be \$0 (*it is anticipated that the 2020 Bonds will call and retire a portion the 2009C Bonds maturing on June 16, 2020, as described herein*);

(iii) \$12,200,000, Water Revenue Bonds, Series 2010, currently outstanding in the aggregate principal amount of \$4,945,000 (the “2010 Bonds”), after the refunding of a portion of the 2010 Bonds, the remaining aggregate principal amount is anticipated to be \$870,000 (*it is anticipated that the 2020 Bonds will call and retire a portion of the 2010 Bonds maturing on June 16, 2020, as described herein*);

(iv) \$4,160,000, Water Revenue Bonds, Series 2012, currently outstanding in the aggregate principal amount of \$2,495,000 (the “2012 Bonds”);

(v) \$5,525,000, Water Revenue and Refunding Bonds, Series 2012B, currently outstanding in the aggregate principal amount of \$5,525,000 (the “2012B Bonds”);



(vi) \$2,830,000, Water Revenue Refunding Bonds, Series 2013A, currently outstanding in the aggregate principal amount of \$1,500,000 (the “2013A Bonds”); and

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

The 2009A Bonds, the 2009C Bonds, the 2010 Bonds, the 2012 Bonds, the 2012B Bonds, the 2013A Bonds, and the 2014 Bonds are referred to herein as, the “Outstanding Parity Bonds.” The Outstanding Parity Bonds (as of the closing and delivery of the 2020 Bonds and the refunding of the 2009C Refunded Bonds and the 2010 Refunded Bonds, as hereinafter defined) will be \$16,785,000.

### **Security For The 2020 Bonds; Additional Bonds**

*Security for the 2020 Bonds.* The 2020 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 2020 Bonds.

*The 2020 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 2020 Bonds. The issuance of the 2020 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 2020 Bonds. The City will not mortgage or grant a security interest in the System or any portion thereof to secure payment of the 2020 Bonds.*

*Additional Bonds.* The 2020 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 2020 BONDS—Additional Bonds” below. The 2020 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.”

*The City plans to issue approximately \$61,540,000 of additional bonds in Fiscal Year 2022. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS—Additional Bonds” below.*

See also “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS” below.

### **No Debt Service Reserve Fund For The 2020 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 2020 Bonds.* Upon the issuance of the 2020 Bonds there will be no funding of an account in the Debt Service Reserve Fund with respect to the 2020 Bonds.

### **Redemption Provisions**

The 2020 Bonds are subject to optional redemption prior to maturity see “THE 2020 BONDS—Redemption Provisions” below.

### **Registration, Denominations, Manner Of Payment**

The 2020 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 2020 Bonds. Purchases of 2020 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 2020 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 2020 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX E—BOOK—ENTRY SYSTEM.”

Principal of and interest on the 2020 Bonds (interest payable June 15 and December 15 of each year, commencing December 15, 2020) are payable by Zions Bancorporation, as Paying Agent for the 2020 Bonds, to the registered owners of the 2020 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 2020 Bonds, as described under “APPENDIX E—BOOK—ENTRY SYSTEM.”

So long as DTC or its nominee is the sole registered owner of the 2020 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 2020 Bonds. Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2020 Bonds.

### **Tax Matters Regarding the 2020 Bonds**

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2020 Bonds is excluded from gross income for federal income tax purposes under Section 3 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the 2020 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Bonds.

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

### **Professional Services**

In connection with the issuance of the 2020 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 12<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.8517 | f 855.547.5637  
[verena.critser@zionsbancorp.com](mailto:verena.critser@zionsbancorp.com)

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Zions Public Finance Inc  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133–1109  
801.844.7373 | f 801.844.4484  
[brian.baker@zionsbancorp.com](mailto:brian.baker@zionsbancorp.com)

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

The 2020 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 2020 Bonds by Farnsworth Johnson PLLC, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by Mark D. Harrington, City Attorney. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the City by Farnsworth Johnson PLLC, Disclosure Counsel to the City. It is expected that the 2020 Bonds, in book–entry form, will be available for delivery to DTC or its agent, on or about Tuesday, June 16, 2020.

## Continuing Disclosure Undertaking

The City will execute a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2020 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 2020 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 2020 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 2020 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 2020 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.

## 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](mailto:brian.baker@zionsbancorp.com)  
Eric Pehrson, Senior Vice President, [eric.pehrson@zionsbancorp.com](mailto:eric.pehrson@zionsbancorp.com)  
Cara Bertot, Vice President, [cara.bertot@zionsbancorp.com](mailto:cara.bertot@zionsbancorp.com)  
Zions Public Finance Inc.  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the City concerning the 2020 Bonds is:

Jed Briggs, Budget Operations & Strategic Planning Manager  
[jed.briggs@parkcity.org](mailto: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 2020 BONDS AS GREEN BONDS

### Green Bonds Designation

The 2020 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 2020 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. These include: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

The City has obtained an independent external review from Kestrel Verifiers, a Climate Bonds Initiative Approved Verifier, which confirms that the 2020 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 2020 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 2020 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 2020 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 and purchase water rights from the Jordanelle Special Service District will be refunded with the Green Bonds. See "THE 2020 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**

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 2020 Bonds. Designations by Kestrel Verifiers are not a recommendation to any person to purchase, hold, or sell the 2020 Bonds and such labeling does not address the market price or suitability of the 2020 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 or that was otherwise made available to Kestrel Verifiers.

## **CONTINUING DISCLOSURE UNDERTAKING**

### **Continuing Disclosure Undertaking For 2020 Bonds**

The City will execute a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2020 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 C—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 2020 comprehensive annual financial report and other operating and financial information for the 2020 Bonds on or before January 31, 2021 (seven months from the end of the Fiscal Year), and annually thereafter on or before each January 1.

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 2020 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 2020 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2020 Bonds and their market price.

**THE 2020 BONDS**

**General**

The 2020 Bonds are dated the date of delivery<sup>1</sup> 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 2020 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 2020 Bonds is payable semi-annually on each June 15 and December 15, commencing December 15, 2020. Interest on the 2020 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 2020 Bonds.

The 2020 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.

**Plan Of Refunding**

The City has previously issued its (i) 2009C Bonds (CUSIP®700251; dated September 29, 2009), currently outstanding in the aggregate principal amount of \$10,135,000, the original proceeds of which were used for financing capital improvement projects to the System and (ii) 2010 Bonds (CUSIP®700251; dated February 10, 2010), currently outstanding in the aggregate principal amount of \$4,945,000, the original proceeds of which were used for financing capital improvement projects to the System.

Certain proceeds from the 2020 Bonds, together with other legally available moneys, in the aggregate amount of \$13,181,714.27 shall be used to (i) call and retire the 2009C Bonds maturing on and after June 15, 2021 and (ii) call and retire the 2010 Bonds maturing on and after December 15, 2020; on June 16, 2020.

The 2009C Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity <u>(June 15)</u>	Call Date	CUSIP® <u>700251</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	Call <u>Price</u>
2021.....	June 16, 2020	BT7	\$1,960,000	4.90%	100%
2022.....	June 16, 2020	BU4	2,025,000	5.05	100
2023.....	June 16, 2020	BV2	2,090,000	5.15	100
2024.....	June 16, 2020	BW0	<u>2,160,000</u>	5.25	100
Totals .....			<u>\$8,235,000</u>		

The 2010 Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity <u>(December 15)</u>	Call Date	CUSIP® <u>700251</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	Call <u>Price</u>
2020.....	June 16, 2020	CG4	\$ 910,000	4.00%	100%
2021.....	June 16, 2020	CH2	950,000	4.00	100
2022.....	June 16, 2020	CJ8	1,000,000	4.00	100
2023.....	June 16, 2020	CK5	1,015,000	4.00	100
2024.....	June 16, 2020	CL3	<u>1,070,000</u>	4.00	100
Totals .....			<u>\$4,945,000</u>		

**Sources And Uses Of Funds**

The proceeds from the sale of the 2020 Bonds are estimated to be applied as set forth below:

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<sup>1</sup> The anticipated date of delivery is Tuesday, June 16, 2020.

Sources:

Par amount of 2020 Bonds .....	\$75,515,000.00
Original issue premium .....	10,298,625.35
Transfers from prior issues debt service reserve funds.....	<u>3,470,699.32</u>
Total .....	<u>\$89,284,324.67</u>

Uses:

Deposit into 2020 Project Account.....	\$75,000,000.00
Proceeds for current period refunding .....	13,181,714.27
Original issue discount .....	496,183.00
Costs of issuance (1).....	342,713.46
Underwriter's discount.....	<u>263,713.94</u>
Total .....	<u>\$89,284,324.67</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 2020 Bonds maturing on or after December 15, 2030 are subject to redemption at the option of the City on June 15, 2030 (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 2020 Bonds to be redeemed, plus accrued interest thereon to the redemption date. 2020 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

*Selection for Redemption.* If less than all the 2020 Bonds of any maturity are to be redeemed, the particular 2020 Bonds or portions of 2020 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 2020 Bond or portions thereof selected. In case any 2020 Bond shall be redeemed in part only, upon the presentation of such 2020 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 2020 Bond. In selecting a portion of any 2020 Bonds of a denomination of more than \$5,000, the Trustee will treat each such 2020 Bond as representing that number of 2020 Bonds that is obtained by dividing the principal amount of such 2020 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 2020 BONDS—Registration And Transfer; Record Date” below, of each 2020 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 2020 Bonds are to be redeemed, the distinctive numbers of the 2020 Bonds or portions of 2020 Bonds to be redeemed, and will also state that the interest on the 2020 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 2020 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 2020 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 2020 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 2020 Bond will not affect the validity of the proceedings for redemption with respect to any other 2020 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 2020 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 2020 Bonds. See in this section “Book–Entry System” below.*

## **Registration And Transfer; Record Date**

*Registration and Transfer.* In the event the book–entry only system is discontinued, any 2020 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 2020 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 2020 Bond is surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully registered 2020 Bond or 2020 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 2020 Bonds may be exchanged at the principal corporate office of the Bond Registrar for a like aggregate principal amount of fully registered 2020 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such 2020 Bond for the purpose of payment of principal, premium and interest with respect to such 2020 Bond and for all other purposes whatsoever.

## **Book–Entry System**

DTC will act as securities depository for the 2020 Bonds. The 2020 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 2020 Bond certificate will be issued for each maturity of the 2020 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.

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## Debt Service On The 2020 Bonds

Payment Date	The 2020 Bonds		Period Total	Fiscal Total
	Principal	Interest		
December 15, 2020.....	\$ 2,020,000.00	\$ 1,282,631.33	\$ 3,302,631.33	
June 15, 2021.....	0.00	1,239,296.88	1,239,296.88	\$4,541,928.21
December 15, 2021.....	2,125,000.00	1,239,296.88	3,364,296.88	
June 15, 2022.....	0.00	1,186,171.88	1,186,171.88	4,550,468.76
December 15, 2022.....	2,250,000.00	1,186,171.88	3,436,171.88	
June 15, 2023.....	0.00	1,129,921.88	1,129,921.88	4,566,093.76
December 15, 2023.....	2,325,000.00	1,129,921.88	3,454,921.88	
June 15, 2024.....	0.00	1,071,796.88	1,071,796.88	4,526,718.76
December 15, 2024.....	175,000.00	1,071,796.88	1,246,796.88	
June 15, 2025.....	0.00	1,067,421.88	1,067,421.88	2,314,218.76
December 15, 2025.....	0.00	1,067,421.88	1,067,421.88	
June 15, 2026.....	0.00	1,067,421.88	1,067,421.88	2,134,843.76
December 15, 2026.....	1,945,000.00	1,067,421.88	3,012,421.88	
June 15, 2027.....	0.00	1,018,796.88	1,018,796.88	4,031,218.76
December 15, 2027.....	2,000,000.00	1,018,796.88	3,018,796.88	
June 15, 2028.....	0.00	968,796.88	968,796.88	3,987,593.76
December 15, 2028.....	4,250,000.00	968,796.88	5,218,796.88	
June 15, 2029.....	0.00	862,546.88	862,546.88	6,081,343.76
December 15, 2029.....	4,475,000.00	862,546.88	5,337,546.88	
June 15, 2030.....	0.00	750,671.88	750,671.88	6,088,218.76
December 15, 2030.....	4,700,000.00	750,671.88	5,450,671.88	
June 15, 2031.....	0.00	633,171.88	633,171.88	6,083,843.76
December 15, 2031.....	4,875,000.00	633,171.88	5,508,171.88	
June 15, 2032.....	0.00	560,046.88	560,046.88	6,068,218.76
December 15, 2032.....	5,025,000.00	560,046.88	5,585,046.88	
June 15, 2033.....	0.00	484,671.88	484,671.88	6,069,718.76
December 15, 2033.....	5,175,000.00	484,671.88	5,659,671.88	
June 15, 2034.....	0.00	407,046.88	407,046.88	6,066,718.76
December 15, 2034.....	5,350,000.00	407,046.88	5,757,046.88	
June 15, 2035.....	0.00	326,796.88	326,796.88	6,083,843.76
December 15, 2035.....	5,500,000.00	326,796.88	5,826,796.88	
June 15, 2036.....	0.00	244,296.88	244,296.88	6,071,093.76
December 15, 2036.....	5,650,000.00	244,296.88	5,894,296.88	
June 15, 2037.....	0.00	187,796.88	187,796.88	6,082,093.76
December 15, 2037.....	5,775,000.00	187,796.88	5,962,796.88	
June 15, 2038.....	0.00	126,437.50	126,437.50	6,089,234.38
December 15, 2038.....	5,875,000.00	126,437.50	6,001,437.50	
June 15, 2039.....	0.00	64,015.63	64,015.63	6,065,453.13
December 15, 2039.....	<u>6,025,000.00</u>	<u>64,015.63</u>	<u>6,089,015.63</u>	6,089,015.63
Totals.....	<u>\$75,515,000.00</u>	<u>\$28,076,881.51</u>	<u>\$103,591,881.51</u>	

(Source: Municipal Advisor.)

## SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS

### Pledge Of The Indenture

The 2020 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 2020 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 2020 Bonds.



The 2020 Bonds are not general obligations of the City, the County, the State or any agency, instrumentality, or political subdivision thereof. The issuance of the 2020 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 2020 Bonds.

“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 2020 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 2020 Bonds.* Upon the issuance of the 2020 Bonds there will be no funding of an account in the Debt Service Reserve Fund with respect to the 2020 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 \$127,500.

*The 2009C Bonds.* The 2009C Bonds are being refunded by a portion of the 2020 Bonds. The amount in the 2009C Debt Service Reserve Account of approximately \$2,353,300 will be used to call and retire the outstanding 2009C Bonds.

*The 2010 Bonds.* The 2010 Bonds are being refunded by a portion of the 2020 Bonds. The amount in the 2010 Debt Service Reserve Account of approximately \$1,113,200 will be used to call and retire the outstanding 2010 Bonds.

*The 2012 Bonds.* The 2012 Bonds are secured by cash in the 2012 Debt Service Reserve Account in the amount of approximately \$370,400.

*The 2012B Bonds.* The 2012B Bonds are secured by cash in the 2012B Debt Service Reserve Account in the amount of approximately \$557,400.

*The 2013A Bonds.* The 2013A Bonds are secured by cash in the 2013A Debt Service Reserve Account in the amount of approximately \$268,100.

*The 2014 Bonds.* The 2014 Bonds are secured by cash in the 2014 Debt Service Reserve Account in the amount of approximately \$419,900.

### **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 2020 Projects, the City expects to implement, beginning in July 2020, a 3% water rate increase each year for the next five Fiscal Years.*

### **Additional Bonds**

No additional indebtedness, bonds, or notes of the City payable on a priority to the 2020 Bonds out of Net Revenues shall be incurred. Additional Bonds payable on a parity with the 2020 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.

*The City plans to issue approximately \$61,540,000 of additional bonds in Fiscal Year 2022 (the “2022 Bonds”) to complete and upgrade System projects. See “THE 2020 PROJECTS” below.*

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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 2015 through 2019.

	<b>Fiscal Year Ended June 30</b>				
	2015	2016	2017	2018	2019
<b>Operating revenues:</b>					
Charges for services.....	\$ 14,176,728	\$ 15,205,729	\$ 17,237,175	\$ 17,924,616	\$ 18,606,759
Total operating revenues.....	<u>14,176,728</u>	<u>15,205,729</u>	<u>17,237,175</u>	<u>17,924,616</u>	<u>18,606,759</u>
<b>Operating expenses:</b>					
Supplies, maintenance, and services.....	\$ 3,584,164	\$ 4,454,050	\$ 4,308,237	\$ 4,243,306	\$ 4,372,840
Salaries and benefits.....	2,275,350	2,638,481	2,525,321	2,807,730	2,950,635
Energy and utilities.....	990,923	1,010,108	1,007,391	956,097	986,418
Total operating expenses.....	<u>6,850,437</u>	<u>8,102,639</u>	<u>7,840,949</u>	<u>8,007,133</u>	<u>8,309,893</u>
Net operating revenues.....	<u>7,326,291</u>	<u>7,103,090</u>	<u>9,396,226</u>	<u>9,917,483</u>	<u>10,296,866</u>
<b>Non-operating revenues:</b>					
Investment income.....	278,565	200,191	259,233	208,887	371,806
Miscellaneous.....	165,105	165,917	165,740	166,273	166,985
Gain/(loss) on sale of capital assets.....	11,575	4,950	405	7,088	(726,800)
Non-operating revenues.....	<u>455,245</u>	<u>371,058</u>	<u>425,378</u>	<u>382,248</u>	<u>(188,009)</u>
Net operating revenues from ongoing operations.....	<u>7,781,536</u>	<u>7,474,148</u>	<u>9,821,604</u>	<u>10,299,731</u>	<u>10,108,857</u>
Impact fees (1).....	<u>2,303,997</u>	<u>1,140,313</u>	<u>1,091,022</u>	<u>1,255,340</u>	<u>1,885,478</u>
Total Net Revenues available for debt service.....	<u>\$ 10,085,533</u>	<u>\$ 8,614,461</u>	<u>\$ 10,912,626</u>	<u>\$ 11,555,071</u>	<u>\$ 11,994,335</u>
<b>Debt service:</b>					
2014 Bonds.....	\$ 130,023	\$ 133,737	\$ 133,737	\$ 133,737	\$ 133,737
2013A Bonds.....	264,500	265,250	260,950	266,550	267,000
2012B Bonds.....	124,313	124,312	124,312	124,312	124,312
2012 Bonds.....	338,150	343,550	343,750	348,850	351,200
2010 Bonds.....	1,088,250	1,091,750	1,092,150	1,092,300	1,086,925
2009C Bonds.....	508,638	508,638	508,638	508,638	508,638
2009B Bonds.....	1,907,500	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>\$ 4,486,374</u>	<u>\$ 4,488,737</u>	<u>\$ 4,485,037</u>	<u>\$ 4,495,887</u>	<u>\$ 4,497,312</u>
Actual/Projected Debt service coverage (Net Revenues /Total Debt Service).....	<u><b>1.73X</b></u>	<u><b>1.67X</b></u>	<u><b>2.19X</b></u>	<u><b>2.29X</b></u>	<u><b>2.25X</b></u>
(Net revenues from ongoing operations including impact fees/total debt service).....	<u><b>2.25X</b></u>	<u><b>1.92X</b></u>	<u><b>2.43X</b></u>	<u><b>2.57X</b></u>	<u><b>2.67X</b></u>
<b>Rate Covenant Requirement.....</b>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>

(1) Impact fees are available to pay debt service on 2020 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" above. (Source: The City.)

(Source: Compiled by the Municipal Advisor.)

For the City’s historical debt service coverage table on the Bonds, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 19—Water Fund Refunding and Revenue Bonds—Schedule of Net Revenues to Aggregate Debt Service” (CAFR page 125).

## 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 Years 2020 through 2024. 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 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 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 decrease by 10% in Fiscal Year 2020 and then projected to decrease by 23% in each Fiscal Year 2021, 2022 and 2023 (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:

	<b>Fiscal Year Ended June 30</b>				
	<b>Projected</b>				
	2020	2021	2022	2023	2024
<b>Operating revenues:</b>					
Charges for services (1).....	\$ 16,576,500 (2)	\$ 14,766,800 (4)	\$ 15,496,500 (4)	\$ 16,256,600 (4)	\$ 22,140,400
Surplus water sales.....	1,215,100 (3)	348,400	1,576,200 (5)	1,417,500 (5)	1,784,500 (5)
Total operating revenues.....	<u>17,791,600</u>	<u>15,115,200</u>	<u>17,072,700</u>	<u>17,674,100</u>	<u>23,924,900</u>
<b>Operating expenses (6):</b>					
Salaries and benefits.....	\$ 3,307,652	\$ 3,406,882	\$ 3,509,088	\$ 3,614,361	\$ 3,722,791
Supplies, maintenance, and services.....	2,408,072	2,480,314	2,554,724	3,221,507	3,925,997
Energy and utilities.....	1,470,066	1,514,168	1,559,593	1,606,381	1,654,572
Total operating expenses.....	<u>7,185,790</u>	<u>7,401,364</u>	<u>7,623,405</u>	<u>8,442,249</u>	<u>9,303,360</u>
Net operating revenues.....	<u>10,605,810</u>	<u>7,713,836</u>	<u>9,449,295</u>	<u>9,231,851</u>	<u>14,621,540</u>
<b>Non-operating revenues:</b>					
Other revenues (7).....	343,300	300,000	300,000	300,000	300,000
Non-operating revenues.....	<u>343,300</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Impact fees.....	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>750,000</u>	<u>750,000</u>
Total Net Revenues available for debt service.....	<u>\$ 11,949,110</u>	<u>\$ 9,013,836</u>	<u>\$ 10,749,295</u>	<u>\$ 10,281,851</u>	<u>\$ 15,671,540</u>
<b>Debt service:</b>					
2022 Bonds (8).....	\$ 0	\$ 0	\$ 0	\$ 2,138,842	\$ 2,486,050
2020 Bonds.....	0	4,541,928	4,550,469	4,566,094	4,526,719
2014 Bonds.....	133,737	133,738	133,738	133,738	133,738
2013A Bonds.....	267,350	267,600	267,750	262,850	262,900
2012B Bonds.....	124,313	124,312	124,313	124,312	124,313
2012 Bonds.....	358,250	359,850	361,150	362,150	357,850
2010 Bonds (9).....	1,089,550	0	0	0	0
2009C Bonds (9).....	2,408,638	0	0	0	0
2009A Bonds.....	125,000	125,000	125,000	125,000	125,000
Total debt service.....	<u>\$ 4,506,838</u>	<u>\$ 5,552,428</u>	<u>\$ 5,562,420</u>	<u>\$ 7,712,986</u>	<u>\$ 8,016,570</u>
Actual/Projected Debt service coverage (Net Revenues/Total Debt Service).....	<u><b>2.65X</b></u>	<u><b>1.62X</b></u>	<u><b>1.93X</b></u>	<u><b>1.33X</b></u>	<u><b>1.95X</b></u>
(Net revenues from ongoing operations excluding impact fees/total debt service).....	<u><b>2.43X</b></u>	<u><b>1.44X</b></u>	<u><b>1.75X</b></u>	<u><b>1.24X</b></u>	<u><b>1.86X</b></u>
<b>Rate Covenant Requirement.....</b>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>	<u><b>1.20X</b></u>

(1) The City anticipates, beginning in July 2020, 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. The City is expecting to be impacted by COVID-19 and has some adjustments in projecting decreases in water revenue sales (as described herein). See “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Potential Impact Of COVID-19” below.

(2) The City is estimating that water revenues from the System will decrease by 10% within this Fiscal Year as a result of COVID-19.

(3) This large reimbursement was from WBWCD for capital improvements made by the City for WBWCI's benefit.

(4) The City is conservatively planning for revenues from the System being decreased by 23%, for this Fiscal Year, as a result of COVID-19.

(5) Expected surplus water sales to WBWCD.

(6) Expenses are expected to increase by about 3% per year.

(7) Includes all non-operating revenues.

(8) Preliminary; subject to change. The City anticipates the issuance of approximately \$61,540,000 of additional water revenues bonds in Fiscal Year 2022 for completion of certain 2020 Projects.

(9) Portions of this bond issue will be refunded by the 2020 Bonds.

(Source: The City.)

## THE 2020 PROJECTS

The purpose of the project is to improve water quality, meet regulatory compliance, further increase reliability and redundancy, increase treatment capacity, and increase efficiency in the System (collectively, (the “2020 Projects”).

The 2020 Projects consists of:

(i) The demolition of one of the City’s existing water treatment facility to be replaced by the construction of a new state-of-the-art \$103.975 million water treatment plant known as the 3Kings Water Treatment Facility (“3Kings”). 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. Approximately \$50.214 million of 2020 Bonds proceeds will be used for the construction of 3Kings and additional bond proceeds from the 2022 Bonds, in the amount of approximately \$53.759 million, will be used to complete 3Kings. Construction began in Fall/Winter 2019 and is expected to be completed by Summer 2023.

(ii) Approximately \$7.3 million of 2020 Bonds proceeds will be used for the installation and replacement of major transmission and distribution water lines to and from 3Kings. 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. Additionally, bond proceeds from the 2022 Bonds, in the amount of approximately \$1.2 million, will be used to complete these transmission and distribution lines. Construction began in April 2020 and is expected to be completed by the end of 2022.

(iii) Approximately \$5.927 million of 2020 Bonds proceeds will be used on renovations to the City’s existing Quinns Junction Water Treatment Plant. This renovation will increase water treatment capacity, water quality, and redundancy and will include 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 facility. These upgrades will allow treatment and use of the full lease of water from WBWCD of 2,900 acre-feet per year of untreated water per year and the lease of treated drinking water from the City to WBWCD. These upgrades are also necessary to maintain System treatment capacity to serve the City during the construction of 3Kings. Construction began in 2019 and is expected to be completed by the end of 2020.

(iv) The Judge and Spiro Tunnels deliver water to the City’s exiting treatment plan (which plant will be demolished and 3Kings will take its place). Approximately \$5 million of 2020 Bonds proceeds will be used on improvements to these tunnel transportation systems. Construction is anticipated to begin in the Fall 2020 and is expected to be completed by mid-year 2021.

(v) Approximately \$2.1 million of 2020 Bonds proceeds will be used for the partial construction of a new water tank and the construction of a new additional water tank.

The Kings Crown Water Tank will store approximately two million gallons of water and will be constructed of concrete and will be initially funded with approximately \$1.5 million of 2020 Bonds proceeds. This tank will add much needed 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. Additionally, when the City’s issues the 2022 Bonds, bond proceeds from the 2022 Bonds, in the amount of approximately \$2.5 million, will be used to complete Kings Crown Water Tank. Construction of the Kings Crown Water Tank began in April 2020 and is expected to be completed by April 2022.

The Park City Heights Water Tank will store approximately one million gallons and will be constructed of concrete and be funded with approximately \$650,000 of 2020 Bonds proceeds. This project is being constructed by a developer and the City has elected to upsize the tank beyond what the developer required. The developer only required 450,000 gallons and the City upsized the tank by 650,000 gallons and will pay its proportional share (65%) of the construction cost. Once this water tank is completed it will be owned by the City. The additional storage capacity will provide water storage necessary for redundancy, emergency storage, and wholesale water delivery to WBWCD. Construction of the Park City Heights Water Tank began in 2019 and is expected to be completed by Summer 2020.

(vi) Additional projects financed from the 2020 Bonds proceeds will include 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 projects.

*To help pay for the 2020 Projects, the City expects to implement, beginning in July 2020, a 3% water rate increase each year for the next five Fiscal Years.*

## 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 acre feet (“AF”) obtained from each source for the calendar years shown below:

Calendar Year	City Wells/Spring	Tunnels	JSSD	Rockport Importation (1)	Total
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
2011.....	1,923.31	1,729.18	1,063.85	–	4,716.34

(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 5–10 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 starting January 1, 2020 through and including 2039.

## **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 Tunnel. 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 amended 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 SCO.

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## Water Storage Facilities

The System currently includes the following water storage facilities, which provide a total storage capacity of 14.65 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	Quarry Mountain	0.40
Boothill #1	1.00	Red Cloud	1.00
Boothill #2	2.00	Sandstone Cove	0.25
Empire	1.00	Silver Lake	0.60
Fairway Hills	1.00	Solamere	0.60
Flagstaff	1.00	Thaynes #1	0.50
Iron Canyon	0.30	Thaynes #2	1.00
Masonic	0.50	Woodside	<u>0.50</u>
Neck	0.80	Total	<u>14.65</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 ended June 30, 2015 through 2019.

<u>Fiscal Year Ended June 30</u>	<u>Residential Connections</u>	<u>Commercial Industrial and Other Connections</u>	<u>Total Connections</u>	<u>% Change From Prior Year</u>
2019.....	4,772	628	5,400	0.9
2018.....	4,703	628	5,331	1.4
2017.....	4,672	604	5,276	1.0
2016.....	4,642	408	5,230	0.8
2015.....	4,586	640	5,226	0.0

(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, commercial billing rates for the past 10 Fiscal Years see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 26—Operating Information—Operating Indicators by Function” (CAFR page 132).*

*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 2019, 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.

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<u>Customer (1)</u>	<u>Water Use (2)</u>	<u>% of Water System Use</u>	<u>Water Sales</u>	<u>% of Water System Sales</u>
Montage Deer Valley.....	31,729	3.01	\$ 462,591.58	2.57
Stein Eriksen Lodge.....	21,455	2.04	348,837.74	2.14
Marriott Summit Watch.....	10,712	1.02	224,329.32	1.25
Park Ave Condo Assoc.....	11,373	1.08	205,218.51	1.14
Marriott Mountainside Resort.....	16,140	1.53	187,474.08	1.04
Chateaux at Silver Lake.....	9,167	0.87	166,351.98	0.92
Deer Valley Snow Making .....	209,501	–	149,452.77	0.83
Intermountain PC Medical.....	8,836	0.84	147,014.00	0.82
Hotel Park City .....	9,041	1.13	144,219.04	0.80
Wells Street Capital III LLC.....	<u>9,208</u>	<u>1.01</u>	<u>111,427.28</u>	<u>0.62</u>
Totals (3) .....	<u>337,162</u>	<u>12.53</u>	<u>\$2,146,915.80</u>	<u>12.13</u>

(1) Park City Mountain (Vail) 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 Ski Resort.

(2) Thousand 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>Year</u>	<u>Peak Demand (MGD)</u>
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
2010.....	8.120

(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 taps. 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 following tables set forth the water fees currently charged by the City. These fees have been in effect since July 2016. *However, beginning in July 2020, the City expects to implement a 3% water rate increase each year for the next five Fiscal Years.*

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".....	\$50.55	\$ 801.94
1".....	68.24	921.69
1 1/2".....	80.93	1,311.27

**Multi-family and Commercial**

Meter Size	Monthly Base/ Demand Charge	Meter Price
3/4".....	\$ 65.52	\$ 801.94
1".....	111.19	921.69
1 1/2".....	237.53	1,311.27
2".....	495.35	2,319.38
3".....	1,289.15	2,743.85
4".....	2,340.35	4,781.26
6".....	4,411.64	7,438.69
8".....	7,597.24	11,172.43
Construction Meter.....	228.67	
Indigent rate (up to 10,000 gallons).....	3.12	

(Source: The City.)

**Water Rates**

Type	Block 1 \$6.30/k-gal	Block 2 \$10.10/k-gal	Block 3 \$10.62/k-gal	Block 4 \$13.76/k-gal	Block 5 \$16.41/k-gal	Block 6 \$28.68/k-gal
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 \$7.46/k-gal	Block 2 \$10.10/k-gal	Block 3 \$16.41/k-gal	Block 4 \$25.27/k-gal		
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		

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Commercial	Block 1 \$8.85/k-gal	Block 2 \$13.71/k-gal
3/4".....	0-150,000	Over 150,000
1".....	0-300,000	Over 300,000
1 1/2".....	0-500,000	Over 500,000
2".....	0-750,000	Over 750,000
3".....	0-1,200,000	Over 1,200,000
4".....	0-1,700,000	Over 1,700,000
6".....	0-1,700,000	Over 1,700,000

Commercial	Block 1 \$8.85/ k-gal	Block 2 \$13.71/ k-gal	Irrigation	Block 1 \$10.10/ k-gal	Block 2 \$16.41/ k-gal
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..... \$293.77 Monthly Base Charge \$11.88 per 1,000 k-gals

(Source: The City.)

### 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 types within the City.

The current impact fees for Fiscal Year 2019 (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	Proposed 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.)

**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
<b>Assembly:</b>				
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
<b>Educational:</b>				
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
<b>Institutional:</b>				
Inpatient treatment.....	250	0.1736	240	2,878.36
Outpatient treatment.....	5	0.0035		calculated
Sleeping area.....	5	0.0035		calculated
Other.....	calculated	calculated		calculated
Retail.....	10	0.0069	60	115.13
<b>Swimming pool/Skating rink:</b>				
Rink or pool area.....	10	0.0069	50	115.13
Decks.....	calculated	calculated		calculated
Warehouse.....	calculated	calculated		calculated
Parking garage.....	calculated	calculated		calculated
Government.....	calculated	calculated		calculated
<b>Library:</b>				
Reading area.....	calculated	calculated		calculated
Stack area.....	calculated	calculated		calculated

**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 comprehensive annual financial reports for Fiscal Years 2015 through 2019. The summaries themselves have not been audited. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019."

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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				
	2019	2018	2017	2016	2015
<b>Assets</b>					
Current assets					
Restricted cash and cash equivalents, fiscal agent.....	\$ 5,237,136	\$ 5,186,969	\$ 5,149,566	\$ 5,128,238	\$ 5,104,841
Cash, cash equivalents, and investments.....	4,876,235	5,564,832	9,235,398	10,847,844	11,976,787
Accounts receivable.....	2,265,109	2,463,046	1,611,331	1,310,564	1,448,147
Inventories.....	373,451	392,398	321,138	337,128	342,130
Prepays.....	-	-	542,868	528,089	515,520
Total current assets.....	<u>12,751,931</u>	<u>13,607,245</u>	<u>16,860,301</u>	<u>18,151,863</u>	<u>19,387,425</u>
Noncurrent assets					
Capital assets					
Improvements other than buildings.....	87,825,861	87,414,999	85,941,381	80,944,770	75,303,845
Land and water rights.....	17,693,588	17,693,589	17,693,589	17,693,589	17,693,589
Construction in progress.....	16,482,252	13,596,744	6,485,534	5,369,450	7,047,575
Vehicles and equipment.....	10,439,005	9,531,190	9,056,009	8,891,236	8,420,914
Buildings.....	3,660,682	480,000	480,000	480,000	480,000
Intangible.....	27,810	27,810	27,810	27,810	27,810
Accumulated depreciation and amortization.....	(45,169,709)	(41,991,498)	(38,267,240)	(35,070,172)	(32,436,113)
Total noncurrent assets.....	<u>90,959,489</u>	<u>86,752,834</u>	<u>81,417,083</u>	<u>78,336,683</u>	<u>76,537,620</u>
Net pension asset.....	-	-	-	1,552	1,436
Total assets.....	<u>103,711,420</u>	<u>100,360,079</u>	<u>98,277,384</u>	<u>96,490,098</u>	<u>95,926,481</u>
Deferred outflows of resources					
Deferred outflows of resources related to pensions.....	652,830	658,736	623,252	664,679	174,727
Deferred charge on refunding.....	-	-	-	7,477	15,227
Total deferred outflows of resources.....	<u>652,830</u>	<u>658,736</u>	<u>623,252</u>	<u>672,156</u>	<u>189,954</u>
Total assets and deferred outflows of resources.....	<u>\$ 104,364,250</u>	<u>\$ 101,018,815</u>	<u>\$ 98,900,636</u>	<u>\$ 97,162,254</u>	<u>\$ 96,116,435</u>
<b>Liabilities</b>					
Current liabilities					
Revenue bonds.....	\$ 3,410,000	\$ 3,255,000	\$ 3,115,000	\$ 2,980,000	\$ 2,880,000
Accounts payable.....	2,530,993	1,948,021	1,557,722	1,410,649	958,031
Accrued liabilities.....	150,652	112,253	230,783	214,010	194,663
Compensated absences.....	87,071	61,106	61,106	47,829	40,310
Total current liabilities.....	<u>6,178,716</u>	<u>5,376,380</u>	<u>4,964,611</u>	<u>4,652,488</u>	<u>4,073,004</u>
Noncurrent liabilities					
Revenue bonds.....	28,496,489	32,164,397	35,682,758	39,061,117	42,304,477
Net pension liability.....	1,276,606	717,227	1,107,417	1,346,500	744,362
Compensated absences.....	16,780	38,989	54,412	60,145	52,676
Total noncurrent liabilities.....	<u>29,789,875</u>	<u>32,920,613</u>	<u>36,844,587</u>	<u>40,467,762</u>	<u>43,101,515</u>
Total liabilities.....	<u>35,968,591</u>	<u>38,296,993</u>	<u>41,809,198</u>	<u>45,120,250</u>	<u>47,174,519</u>
Deferred inflows of resources					
Deferred inflows of resources related to pensions.....	36,008	552,361	206,773	129,937	104,413
Total liabilities and deferred inflows of resources.....	<u>36,004,599</u>	<u>38,849,354</u>	<u>42,015,971</u>	<u>45,250,187</u>	<u>47,278,932</u>
<b>Net position</b>					
Net investment in capital assets.....	64,520,282	57,395,272	49,283,480	43,558,836	39,213,145
Unrestricted.....	3,839,369	(412,780)	2,451,619	3,224,993	4,519,517
Restricted					
Debt service.....	-	5,186,969	5,149,566	5,128,238	5,104,841
Total net position.....	<u>68,359,651</u>	<u>62,169,461</u>	<u>56,884,665</u>	<u>51,912,067</u>	<u>48,837,503</u>
Total liabilities, deferred outflows of resources and net position.....	<u>\$ 104,364,250</u>	<u>\$ 101,018,815</u>	<u>\$ 98,900,636</u>	<u>\$ 97,162,254</u>	<u>\$ 96,116,435</u>

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

**Fiscal Year Ended June 30**

	2019	2018	2017	2016	2015
Operating revenues					
Charges for services.....	\$ 18,606,759	\$ 17,924,616	\$ 17,237,175	\$ 15,205,729	\$ 14,176,728
Total operating revenues.....	<u>18,606,759</u>	<u>17,924,616</u>	<u>17,237,175</u>	<u>15,205,729</u>	<u>14,176,728</u>
Operating expenses					
Supplies, maintenance and services.....	4,372,840	4,243,306	4,308,237	4,454,050	3,584,164
Depreciation.....	3,494,887	3,446,940	3,209,718	2,774,358	2,814,847
Salaries and benefits.....	2,950,635	2,807,730	2,525,321	2,638,481	2,275,350
Energy and utilities.....	986,418	956,097	1,007,391	1,010,108	990,923
Total operating expenses.....	<u>11,804,780</u>	<u>11,454,073</u>	<u>11,050,667</u>	<u>10,876,997</u>	<u>9,665,284</u>
Operating income (loss).....	<u>6,801,979</u>	<u>6,470,543</u>	<u>6,186,508</u>	<u>4,328,732</u>	<u>4,511,444</u>
Non-operating revenues (expenses)					
Investment income.....	371,806	208,887	259,233	200,191	278,565
Miscellaneous.....	166,985	166,273	165,740	165,917	165,105
Gain on sale of capital assets.....	(726,800)	7,088	405	4,950	11,575
Interest expense.....	(997,342)	(1,130,644)	(1,265,164)	(1,367,871)	(1,464,867)
Total non-operating revenues (expenses)....	<u>(1,185,351)</u>	<u>(748,396)</u>	<u>(839,786)</u>	<u>(996,813)</u>	<u>(1,009,622)</u>
Income before contributions.....	5,616,628	5,722,147	5,346,722	3,331,919	3,501,822
Capital contributions.....	2,088,783	1,255,340	1,091,022	1,183,187	3,749,226
Transfers to other funds.....	(1,515,221)	(1,493,450)	(1,465,146)	(1,440,542)	(1,388,540)
Change in net position.....	6,190,190	5,484,037	4,972,598	3,074,564	5,862,508
Total net position at beginning of year.....	62,169,461	56,884,665	51,912,067	48,837,503	43,660,945
Prior period adjustment.....	-	(199,241)	-	-	(685,950)
Total position at end of year.....	<u>\$ 68,359,651</u>	<u>\$ 62,169,461</u>	<u>\$ 56,884,665</u>	<u>\$ 51,912,067</u>	<u>\$ 48,837,503</u>

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

## **Future System Financing Needs**

The City anticipates the issuance of the 2022 Bonds to complete the 2020 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 detailed general information regarding the City's local economy and economic trends see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Introductory Section—Introductory Letter" (CAFR 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, execute and 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 the safety and preserve the health, and promote the prosperity, improve the morals, peace and good order, comfort, and convenience of the city and its inhabitants, and for the protection of property in 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 Council, the Mayor and the City administration have the following respective terms in office:

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<u>Office/District</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor (1).....	Andy Beerman	2	January 2022
Council Member.....	Rebecca Gerber	4	January 2024
Council Member.....	Tim Henney	6	January 2022
Council Member.....	Steve Joyce	2	January 2022
Council Member.....	Max Doilney	1	January 2024
Council Member.....	Nann Worel	4	January 2024
City Manager.....	Matthew Dias	1	Appointed
City Attorney.....	Mark D. Harrington	19	Appointed
City Recorder.....	Michelle Kellogg	4	Appointed
City Treasurer.....	Sara Nagel	1	Appointed
<b>Budget Operations &amp; Strategic</b>			
Planning Manager (2).....	Jed Briggs	1	At will
Finance Manager (3).....	Mindy Finlinson	1	At will
Public Utilities Director.....	Clint McAfee	5	At will

(1) Mayor Beerman served as a City Council member for five years prior to serving as Mayor.

(2) Mr. Briggs worked in the budget office for 14 years prior to serving as the Budget Operations & Strategic Planning Manager.

(3) 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 424 full–time equivalent employees as of Fiscal Year 2019. For a 10–year Fiscal Year history of the City’s full–time employment numbers see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule 22–Full–time Equivalent City Government Employees by Function” (CAFR page 128).

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—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note F. Retirement Plans” (CAFR page 66) and “–Note G. Defined Contribution Plans” (CAFR page 77).

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

### **Risk Management; 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.

*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 damage by cybersecurity incidents or cyberattacks, the City invests in multiple forms of cybersecurity and operational safeguards. The City is covered for information security and privacy insurance for up to \$5 million.

For a detailed summary of insurance companies, coverages and liability limits on the insurance in force, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note K. Risk Management” (CAFR page 79) and “—Statistical Section—Schedule 28—Schedule of Insurance in Force” (CAFR page 134).

## 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—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note B. Cash, Cash Equivalents and Investments” (CAFR page 49).

## Population

	<u>City</u>	% Change From Prior Period	<u>County</u>	% Change From Prior Period
2019 Estimate .....	8,526	12.8%	42,145	16.0%
2010 Census.....	7,558	2.5	36,324	22.2
2000 Census.....	7,371	65.0	29,736	91.66
1990 Census.....	4,468	58.3	15,518	52.29
1980 Census.....	2,823	136.6	10,198	73.5
1970 Census.....	1,193	(12.7)	5,879	3.6
1960 Census.....	1,366	(39.4)	5,673	(15.9)
1950 Census.....	2,254	(39.7)	6,745	(22.6)
1940 Census.....	3,739	(12.7)	8,714	(8.5)
1930 Census.....	4,281	26.2	9,527	21.2
1920 Census.....	3,393	(1.3)	7,862	(4.1)

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

For the City's presentation of population statics see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 23. Population Statistics" (CAFR page 129).

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## Employment, Income, Construction, and Sales Taxes Within Park City, Summit County, and the State of Utah

### Labor Force, Nonfarm Jobs, and Wages within Summit County

	Calendar Year (1)						% Change				
	2019	2018	2017	2016	2015	2014	2018-19	2017-18	2016-17	2015-16	2014-15
Civilian labor force (2).....	23,620	22,746	24,597	23,964	23,120	22,543	(1.7)	(7.5)	2.6	3.7	2.6
Employed persons.....	22,856	22,004	23,839	23,212	22,355	21,769	(1.3)	(7.7)	2.7	3.8	2.7
Unemployed persons.....	764	742	758	752	765	774	(11.3)	(2.1)	0.8	(1.7)	(1.2)
Total private sector (average).....	23,074	22,163	24,018	23,662	22,616	21,656	4.3	(7.7)	1.5	4.6	4.4
Agriculture, forestry, fishing and hunting.....	21	29	32	67	81	64	(22.2)	(9.4)	(52.2)	(17.3)	26.6
Mining.....	70	96	76	52	74	79	(27.1)	26.3	46.2	(29.7)	(6.3)
Utilities.....	43	44	47	48	48	44	(2.3)	(6.4)	(2.1)	0.0	9.1
Construction.....	1,870	1,786	1,665	1,542	1,568	1,343	4.9	7.3	8.0	(1.7)	16.8
Manufacturing.....	862	836	795	773	790	779	3.0	5.2	2.8	(2.2)	1.4
Wholesale trade.....	375	361	319	214	235	280	4.2	13.2	49.1	(8.9)	(16.1)
Retail trade.....	3,330	3,398	3,511	3,647	3,571	3,485	(2.1)	(3.2)	(3.7)	2.1	2.5
Transportation and warehousing.....	288	191	404	453	439	408	50.8	(52.7)	(10.8)	3.2	7.6
Information.....	434	393	327	350	314	289	11.3	20.2	(6.6)	11.5	8.7
Finance and insurance.....	479	448	488	473	479	450	7.2	(8.2)	3.2	(1.3)	6.4
Real estate, rental and leasing.....	1,313	1,232	1,250	1,313	1,317	1,320	7.1	(1.4)	(4.8)	(0.3)	(0.2)
Professional, scientific, and technical services.....	1,441	1,485	1,329	1,281	1,185	1,087	(2.5)	11.7	3.7	8.1	9.0
Management of companies and enterprises.....	241	229	280	259	251	186	5.2	(18.2)	8.1	3.2	34.9
Admin., support, waste mgmt., remediation.....	938	943	941	966	845	797	0.1	0.2	(2.6)	14.3	6.0
Education services.....	351	315	327	408	428	376	11.4	(3.7)	(19.9)	(4.7)	13.8
Health care and social assistance.....	1,543	1,477	1,487	1,406	1,271	1,183	4.6	(0.7)	5.8	10.6	7.4
Arts, entertainment and recreation.....	2,655	2,661	3,636	3,617	3,304	3,276	(0.1)	(26.8)	0.5	9.5	0.9
Accommodation and food services.....	6,055	5,432	6,353	6,101	5,819	5,612	11.8	(14.5)	4.1	4.8	3.7
Other services.....	785	836	784	720	639	636	(6.1)	6.6	8.9	12.7	0.5
Total public sector (average).....	3,051	2,986	2,891	2,841	2,772	2,701	1.8	3.3	1.8	2.5	2.6
Federal government.....	58	50	55	56	55	57	16.0	(9.1)	(1.8)	1.8	(3.5)
State government.....	114	118	164	161	161	160	(10.9)	(28.0)	1.9	0.0	0.6
Local government.....	2,879	2,818	2,673	2,624	2,556	2,484	2.2	5.4	1.9	2.7	2.9
Total payroll (in millions) (2).....	\$ 301	\$ 288	\$ 1,189	\$ 1,099	\$ 1,043	\$ 936	4.5	8.4	8.1	5.4	11.5
Average monthly wage.....	\$ 3,839	\$ 3,821	\$ 3,681	\$ 3,456	\$ 3,424	\$ 3,202	0.6	8.1	6.5	0.9	6.9
Average employment.....	26,125	25,149	26,909	26,503	25,388	24,356	4.0	0.2	1.5	4.4	4.2
Establishments.....	2,946	2,882	2,793	2,684	2,605	2,526	2.8	3.8	4.1	3.0	3.1

(1) Utah Department of Workforce Services.

(2) For the year 2019, information as of the second quarter; comparison made to second quarter 2018

(3) For the year of 2019, information as of the second quarter; comparison made to second quarter 2018.

## Employment, Income, Construction, and Sales Taxes Within Park City, Summit County, and the State of Utah—continued

### Personal Income; Per Capita Personal Income; Median Household Income within Summit County and the State of Utah (1)

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2016–17	2015–16	2014–15	2013–14
Total Personal Income (in \$1,000's):											
Summit County.....	\$ 5,518.6	\$ 5,118.8	\$ 4,740.8	\$ 4,465.3	\$ 3,823.3	\$ 3,604.3	7.81	8.0	6.2	16.8	6.1
State of Utah.....	146,422.5	136,543.7	128,929.4	121,884.9	113,140.9	106,427.2	7.23	5.9	5.8	7.7	6.3
Total Per Capita Personal Income:											
Summit County.....	131,606	123,795	117,039	112,627	97,737	93,811	6.31	5.8	3.9	15.2	4.2
State of Utah.....	46,320	44,002	42,375	40,867	38,517	36,725	5.27	3.8	3.7	6.1	4.9
Median Household Income:											
Summit County.....	100,453	94,952	94,540	93,235	92,560	81,907	5.79	0.4	1.4	0.7	13.0
State of Utah.....	68,374	65,325	65,931	64,097	60,943	59,715	4.67	(0.9)	2.9	5.2	2.1

### Construction within Park City, Utah (2)

	Calendar Year						% change from prior year				
	2019	2018	2017	2016	2015	2014	2018–19	2017–18	2016–17	2015–16	2014–15
Number new dwelling units.....	52.0	97.0	21.0	105.0	104.0	72.0	(72.6)	592.9	(80.0)	1.0	44.4
New (in \$1,000's):											
Residential value.....	\$ 26,580.3	\$ 66,242.1	\$ 14,174.9	\$ 48,532.4	\$ 54,874.4	\$ 51,786.7	(62.5)	584.0	(70.8)	(11.6)	6.0
Non-residential value.....	9,389.2	49,654.2	34,935.6	5,295.8	18,352.1	19,263.2	(81.2)	340.1	559.7	(71.1)	(4.7)
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	17,167.7	30,657.9	16,118.8	44,487.3	27,659.5	34,171.9	(45.2)	135.2	(63.8)	60.8	(19.1)
Non-residential value.....	3,203.8	8,124.3	43,777.7	8,086.6	31,743.8	41,710.2	(61.5)	(53.2)	441.4	(74.5)	(23.9)
Total construction value (in \$1,000's).....	<u>\$ 56,340.80</u>	<u>\$ 154,678.5</u>	<u>\$ 109,007.0</u>	<u>\$ 106,402.1</u>	<u>\$ 132,629.8</u>	<u>\$ 146,932.0</u>	(65.1)	201.2	2.4	(19.8)	(9.7)

### Sales Taxes Within Park City, Summit County, and the State of Utah (4)

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2015–16	2014–15	2013–14	2012–13
Gross Taxable Sales (in \$1,000's):											
Park City.....	\$ 1,017,175	\$ 969,124	\$ 884,380	\$ 824,238	\$ 746,910	\$ 689,908	5.0	9.6	7.3	10.4	8.3
Summit County.....	2,102,915	2,002,072	1,869,420	1,743,687	1,570,920	1,469,760	5.0	7.1	7.2	11.0	6.9
State of Utah.....	64,982,524	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	6.5	8.0	4.8	4.3	4.7
	Fiscal Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017–18	2015–16	2014–15	2013–14	2012–13
Local Sales and Use Tax Distribution:											
Park City.....	\$ 5,869,946	\$ 5,557,742	\$ 5,148,224	\$ 4,707,996	\$ 4,344,792	\$ 4,169,274	5.6	8.0	9.4	8.4	4.2
Summit County (and all cities).....	13,864,715	13,425,610	12,594,267	11,558,616	10,773,646	10,130,250	3.3	6.6	9.0	7.3	6.4

- (1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.  
(2) University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database  
(3) Utah State Tax Commission.

## Largest Employers

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

<u>Firm</u>	<u>Business</u>	<u>Employees</u>
Deer Valley Resort .....	Other amusement and recreation industries	2,000–3,000
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
Park City Surgical Center .....	Offices of physicians	500–1,000
Montage Hotels & Resorts.....	Traveler accommodation	250–500
Stein Eriksen Lodge.....	Traveler accommodation	250–500
Summit County.....	Executive, legislative, and other general govt.	250–500
Resort Express, Inc. ....	Taxi and limousine service	250–500
South Summit School District .....	Elementary and secondary schools	250–500
Promontory Development, LLC .....	Other amusement and recreation industries	100–250
Dakota Mountain Lodge .....	Traveler accommodation	100–250
Backcountry.com.....	Electronic shopping and mail–order houses	100–250
Triumph Gear Systems Inc. ....	Aerospace product and parts manufacturing	100–250
North Summit School District .....	Elementary and secondary schools	100–250
Wal Mart.....	Other general merchandise stores	100–250
CFI Resorts Management Inc. ....	Lessors of real estate	100–250
Smith’s Food & Drug Centers .....	Grocery stores	100–250
Utah Athletic Foundation .....	Promoters of performing arts, sports, and similar	100–250
State of Utah .....	Justice, public order, and safety activities	100–250
Squatters Roadhouse Grill .....	Restaurants and other eating places	100–250
Jan’s Ltd. ....	Sporting goods, hobby, and musical instruments	100–250
Park City Fire District.....	Justice, public order, and safety activities	100–250
Marriott Resorts.....	Traveler accommodation	100–250
Hotel Park City .....	Traveler accommodation	100–250
The Home Depot .....	Building material and supplies dealers	100–250
Skullcandy Inc. ....	Audio and video equipment manufacturing	100–250
Snyderville Basin Special Recreation District.....	Museums, historical sites, and similar institutions	100–250
Fresh Market.....	Grocery store	100–250

(1) Owned and operated by Vail Resorts.

(Source: Utah Department of Workforce Services. Updated September 2019.)

For additional demographic, economic, and principal employers as of the City’s historical Fiscal Years see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 20. Demographic and Economic Statistics” (CAFR page 126) and “—Schedule 21. Principal Employers” (CAFR page 127).

## Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>United States</u>
2020 (1).....	20.3%	9.7%	14.7%
2019 .....	2.1	2.3	3.5
2018 .....	2.9	3.2	3.9
2017 .....	3.1	3.2	4.4
2016 .....	3.3	3.4	4.9
2015 .....	3.3	3.6	5.3

(1) Preliminary, subject to change. As of April 2020 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)



**Taxable, Fair Market And Market Value Of Property Of The City**

Taxable and Fair Market values contain values from 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>
2020 (1) .....	\$10,656,458,978	4.9%	\$12,027,610,793	4.8%
2019 .....	10,158,833,468	8.3	11,472,124,948	8.5
2018 .....	9,380,540,970	7.9	10,573,134,432	8.1
2017 .....	8,694,398,985	5.2	9,784,846,435	5.1
2016 .....	8,267,457,211	5.3	9,312,023,789	5.2

- (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 2019 was approximately \$607.9 million; for Calendar Year 2018 was approximately \$665.0 million; for Calendar Year 2017 was approximately \$528.2 million; for Calendar Year 2016 was approximately \$478.2 million; and for Calendar Year 2015 was approximately \$447.5 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

	2020*				2019			2018			2017			2016		
	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...	\$ 59,086,248	\$ 457,951	\$ 59,544,199	0.6 %	\$ 54,822,933	\$ 457,951	\$ 55,280,884	\$ 52,847,867	\$ 483,268	\$ 53,331,135	\$ 46,670,829	\$ 381,051	\$ 47,051,880	\$ 39,129,955	\$ 494,158	\$ 39,624,113
<i>Set by County Assessor (Locally Assessed)</i>																
<b>Real property:</b>																
Primary residential.....	1,650,000,000	25,852,218	1,675,852,218	15.7	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	1,250,158,772	26,533,712	1,276,692,484
Other residential.....	7,554,199,154	305,159,820	7,859,358,974	73.8	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	5,568,178,533	267,711,449	5,835,889,982
Commercial and industrial....	900,000,000	1,339,813	901,339,813	8.5	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	737,734,293	1,339,813	739,074,106
FAA.....	19,000,000	0	19,000,000	0.2	19,420	0	19,420	21,864	0	21,864	23,320	0	23,320	23,320	0	23,320
Unimproved non FAA.....	50,000,000	5,754,450	55,754,450	0.5	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	292,442,800	6,192,697	298,635,497
Agricultural.....	150,000	0	150,000	0.0	153,419	0	153,419	175,819	0	175,819	175,819	0	175,819	184,851	0	184,851
Total real property.....	10,173,349,154	338,106,301	10,511,455,455	98.6	9,679,986,959	338,106,301	10,018,093,260	8,925,967,219	318,084,613	9,244,051,832	8,263,646,492	304,768,558	8,568,415,050	7,848,722,569	301,777,671	8,150,500,240
<b>Personal property (1):</b>																
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.....	80,469,488	4,989,836	85,459,324	0.8	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	70,942,357	6,390,501	77,332,858
Total personal property....	80,469,488	4,989,836	85,459,324	0.8	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	70,942,357	6,390,501	77,332,858
Total locally assessed.....	10,253,818,642	343,096,137	10,596,914,779	99.4	9,760,456,447	343,096,137	10,103,552,584	9,003,958,288	323,251,547	9,327,209,835	8,336,807,947	310,539,158	8,647,347,105	7,919,664,926	308,168,172	8,227,833,098
Total taxable value.....	\$ 10,312,904,890	\$ 343,554,088	\$ 10,656,458,978	100.0 %	\$ 9,815,279,380	\$ 343,554,088	\$ 10,158,833,468	\$ 9,056,806,155	\$ 323,734,815	\$ 9,380,540,970	\$ 8,383,478,776	\$ 310,920,209	\$ 8,694,398,985	\$ 7,958,794,881	\$ 308,662,330	\$ 8,267,457,211

\* 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

### Potential Impact Of The Coronavirus (COVID-19)

*Summary.* The State's first confirmed case of COVID-19 was on March 6, 2020, hours after the Governor of the State declared a state of emergency. Since then, the virus has spread throughout the State, although the number of confirmed COVID-19 cases and related deaths to date have been comparatively low. Public health data and other information related to the State is published at <https://coronavirus.utah.gov/>.

The economic effects have also spread across the State, with individuals in the leisure and hospitality labor sector experiencing the greatest impact, both in job losses and unemployment claims.

*State Current Actions.* The State did not impose a mandatory statewide shelter in place order. However, the Governor did issue a "Stay Safe, Stay Home" directive which directed State residents to stay home whenever possible and follow specific social distancing instructions to slow the spread of the virus. Some local governments have chosen to issue more restrictive mandatory orders, such as the County. The State continues to actively monitor the effects of COVID-19 on the State economy and adapt its responses as appropriate to facilitate a successful economic recovery. Future special legislative sessions are anticipated as COVID-19 public health and economic impacts become clearer.

*City Current 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 Fiscal Year ending June 30, 2020).

The City has an affluent "income per capita" economy with a large ad valorem tax base, which makes up a fair portion of the revenues needed to fund operations. The City's property tax rate for the General Fund is far below the statutory maximum limit, creating additional revenue flexibility (maximum statutory ad valorem tax rate limit is 0.007000 per \$1,000; with the City's ad valorem tax rate for Fiscal Year 2019 is 0.001107 per \$1,000). Also see, "PARK CITY, UTAH—Taxable, Fair Market And Market Value Of Property" and "FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Sources Of General Fund Revenues" below.

The City has exceptionally strong reserves available to support general operations, which will provide important flexibility to the City as it manages the negative economic effects of COVID-19. See "FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Five Year—Financial Summaries—Statement of Revenues, Expenditures and Changes in Fund Balances" below.

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 will end 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 is utilizing a combination of delayed pay-go capital projects, moderate expense reductions, and modest reserve usage.

In order to provide a framework to evaluate Fiscal Year 2021, the City plans 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).

*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.*

### 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—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note A. Summary of Significant Accounting Policies” (CAFR page 40).

### **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.

## Sources of General Fund Revenues

Set forth below are brief descriptions of the various sources of revenues available to the City's general fund. The percentage of total general fund revenues represented by each source is based on the City's Fiscal Year 2019 (total general fund revenues were \$35,202,661).

Taxes and special assessments—Approximately 76% (or \$26,658,241) of general fund revenues are from taxes and special assessments.

Licenses and permits—Approximately 11% (or \$3,899,003) of general fund revenues are collected from licenses and permits.

Charges for services—Approximately 8% (or \$2,837,729) of general fund revenues are from charges for services.

Rentals and other—Less than 1% (or \$172,703) of general fund revenues are collected from other miscellaneous items.

Investment income—Approximately 1% (or \$530,733) of general fund revenues are collected from interest income.

Intergovernmental revenue—Approximately 1% (or \$232,216) of general fund revenues are from State and federal shared grant revenues or grants.

Fines and forfeitures— Less than 1% (or \$23,108) of general fund revenues are from fines and forfeitures.

Miscellaneous— Approximately 2% (or \$848,928) of general fund revenues are from fines and forfeitures.

(Source: Compiled by the Municipal Advisor from information taken from the Fiscal Year 2019 CAFR.)

## Five-Year Financial Summaries

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

*The City's annual financial report for Fiscal Year 2020 must be completed under State law by December 31, 2020.*

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**Park City**

**Statement of Net Position**

(This summary has not been audited)

	<b>As of June 30</b>				
	2019	2018	2017	2016	2015
<b>Assets and deferred outflows of resources</b>					
<b>Assets</b>					
<b>Current assets</b>					
Cash, cash equivalents and investments.....	\$ 68,768,707	\$ 66,635,201	\$ 64,906,033	\$ 77,276,957	\$ 74,908,660
Receivables (net allowance for uncollectible)					
Restricted cash, cash equivalents, fiscal agent.....	30,394,766	11,398,912	6,380,142	6,690,285	10,554,094
Taxes.....	28,179,289	24,009,992	23,385,693	20,740,471	20,631,203
Accounts.....	11,479,937	9,079,648	11,928,740	2,553,439	2,166,238
Restricted cash, cash equivalents, other.....	7,194,635	6,604,245	6,318,540	6,312,535	7,418,529
Prepaid items.....	1,156,002	1,263,500	2,239,181	528,089	515,520
Inventories.....	864,724	794,366	825,319	772,836	927,978
Notes.....	749,970	1,273,106	1,799,575	314,353	320,284
Buildings held for resale.....	-	166,096	-	-	-
Net pension asset.....	-	3,365	3,713	7,661	22,838
<b>Total current assets.....</b>	<b>148,788,030</b>	<b>121,228,431</b>	<b>117,786,936</b>	<b>115,196,626</b>	<b>117,465,344</b>
<b>Noncurrent assets</b>					
Land and water rights.....	264,361,177	200,070,570	170,855,021	129,838,076	130,034,390
Improvements other than buildings.....	79,765,683	82,480,502	82,644,790	70,302,422	67,613,413
Buildings.....	49,424,165	46,155,763	43,753,494	42,117,192	43,670,618
Construction in progress.....	30,017,548	28,003,663	12,052,772	10,931,485	13,018,693
Vehicles and equipment.....	25,690,978	23,770,469	23,705,654	15,058,504	16,123,836
Infrastructure.....	22,956,314	23,161,347	25,800,212	29,114,178	25,053,552
Intangibles.....	8,486,048	8,271,741	5,608,810	5,652,891	5,691,867
Prepays.....	1,426,701	-	-	-	-
Art.....	889,333	839,333	827,833	827,833	710,570
Notes.....	18,386	-	-	-	-
<b>Total noncurrent assets.....</b>	<b>483,036,333</b>	<b>412,753,388</b>	<b>365,248,586</b>	<b>303,842,581</b>	<b>301,916,939</b>
<b>Deferred outflows of resources</b>					
Related to pensions.....	7,434,656	7,335,717	6,578,882	5,277,742	1,597,998
Deferred charge on refunding.....	-	-	-	7,477	15,227
<b>Total deferred outflows of resources.....</b>	<b>7,434,656</b>	<b>7,335,717</b>	<b>6,578,882</b>	<b>5,285,219</b>	<b>1,613,225</b>
<b>Total assets and deferred outflows of resources.....</b>	<b>\$ 639,259,019</b>	<b>\$ 541,317,536</b>	<b>\$ 489,614,404</b>	<b>\$ 424,324,426</b>	<b>\$ 420,995,508</b>
<b>Liabilities, deferred inflows of resources and net position</b>					
<b>Current liabilities</b>					
Revenue bonds.....	\$ 8,035,000	\$ 6,495,000	\$ 4,720,000	\$ 4,530,000	\$ 4,690,000
Accounts payable.....	5,966,218	5,395,183	10,204,455	4,243,398	4,813,660
General obligation bonds.....	5,910,000	4,360,000	4,945,000	3,300,000	3,215,000
Accrued liabilities.....	4,221,062	3,174,630	2,674,359	2,868,301	2,707,660
Compensated absences.....	913,654	525,320	534,198	431,558	391,979
<b>Noncurrent liabilities</b>					
Revenue bonds.....	102,476,579	80,928,230	54,793,151	59,904,698	64,829,343
General obligation bonds.....	85,722,655	40,913,366	45,540,922	22,709,111	26,083,159
Net pension liability.....	14,568,026	7,780,234	11,020,794	10,109,665	6,596,256
Compensated absences.....	313,404	699,776	670,641	681,413	616,886
Contract payable.....	-	-	-	-	93,024
<b>Total liabilities.....</b>	<b>228,126,598</b>	<b>150,271,739</b>	<b>135,103,520</b>	<b>108,778,144</b>	<b>114,036,967</b>
<b>Deferred inflows of resources</b>					
Property taxes.....	23,863,826	20,046,312	19,785,339	17,605,701	17,553,354
Deferred inflows of resources related to pensions.....	514,445	6,025,822	1,803,202	1,142,122	1,049,810
Deferred gain on refunding.....	500,262	217,783	321,672	425,561	529,450
Deferred inflows of resources—unavailable revenue.....	-	166,096	-	-	-
<b>Total deferred outflows of resources.....</b>	<b>24,878,533</b>	<b>26,456,013</b>	<b>21,910,213</b>	<b>19,173,384</b>	<b>19,132,614</b>
<b>Net position</b>					
Net investment in capital assets, net of related debt.....	313,830,787	294,285,169	266,635,094	226,244,026	220,380,226
Unrestricted.....	65,169,526	52,106,301	53,207,221	57,077,412	49,425,877
<b>Restricted—expendable</b>					
Capital projects.....	7,194,635	12,804,288	7,545,300	7,872,086	12,779,745
Other.....	58,940	195,157	59,674	48,640	47,201
Debt service.....	-	5,198,869	5,153,382	5,130,734	5,192,878
<b>Total net position.....</b>	<b>386,253,888</b>	<b>364,589,784</b>	<b>332,600,671</b>	<b>296,372,898</b>	<b>287,825,927</b>
<b>Total liabilities, deferred outflows of resources and net position.....</b>	<b>\$ 639,259,019</b>	<b>\$ 541,317,536</b>	<b>\$ 489,614,404</b>	<b>\$ 424,324,426</b>	<b>\$ 420,995,508</b>

(Source: Information extracted from the City's audited financial statements compiled by 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				
	2019	2018	2017	2016	2015
Primary government					
Governmental activities					
General administration.....	\$ (16,996,608)	\$ (8,453,620) (1)	\$ (16,081,356)	\$ (15,890,669)	\$ (12,380,646)
Public safety.....	(6,531,558)	(6,602,184)	(6,120,140)	(5,568,527)	(5,158,422)
Public works.....	(6,442,760)	(6,599,786)	(6,579,137)	(6,614,280)	(6,399,208)
Library and recreation.....	(4,406,919)	(4,347,803)	(4,543,268)	(4,364,424)	(3,395,932)
Interest on long-term debt.....	(3,558,591)	(2,537,159)	(1,366,939)	(1,456,433)	(1,285,952)
Total governmental activities.....	<u>(37,936,436)</u>	<u>(28,540,552)</u>	<u>(34,690,840)</u>	<u>(33,894,333)</u>	<u>(28,620,160)</u>
Business-type activities					
Water.....	7,117,307	5,865,516	5,241,895	3,454,755	6,055,829
Stormwater.....	101,207	356,629	(182,783)	-	-
Golf course.....	(296,838)	(508,266)	(392,242)	(401,762)	(406,448)
Transportation and parking.....	(7,031,331)	(6,155,003)	7,714,682 (2)	(6,530,317)	(4,508,497)
Total business-type activities.....	<u>(109,655)</u>	<u>(441,124)</u>	<u>12,381,552</u>	<u>(3,477,324)</u>	<u>1,140,884</u>
Total primary government.....	<u>(38,046,091)</u>	<u>(28,981,676)</u>	<u>(22,309,288)</u>	<u>(37,371,657)</u>	<u>(27,479,276)</u>
General revenues					
Resort tax.....	16,741,000	14,491,767	12,253,267	11,154,870	10,066,040
Property tax, levied for general purposes.....	15,499,965	14,686,693	14,350,265	14,755,299	12,809,892
General sales and use tax.....	12,532,041	11,533,196	10,853,881	10,057,192	9,130,783
Property tax, levied for debt service.....	6,036,374	6,432,184	4,220,158	3,723,453	5,321,592
Miscellaneous.....	3,432,176	2,251,525	5,313,379	1,787,387	1,311,103
Franchise tax.....	3,230,881	3,147,847	3,194,392	3,185,820	3,061,207
Investment earnings.....	2,878,988	1,495,483	985,132	761,877	629,444
Gain on sale of capital assets.....	(641,230)	-	-	492,730	-
Total general revenues.....	<u>59,710,195</u>	<u>54,038,695</u>	<u>51,170,474</u>	<u>45,918,628</u>	<u>42,330,061</u>
Change in net position.....	21,664,104	25,057,019	28,861,186	8,546,971	14,850,785
Net position—beginning.....	364,589,784	332,600,671	296,372,898	287,825,927	279,943,946
Adjustment.....	-	6,932,094	7,366,587	-	(6,968,804)
Net position—ending.....	<u>\$ 386,253,888</u>	<u>\$ 364,589,784</u>	<u>\$ 332,600,671</u>	<u>\$ 296,372,898</u>	<u>\$ 287,825,927</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 Municipal Advisor.)

**Park City**  
**Balance Sheet—Governmental Funds**  
**General Fund**

(This summary has not been audited)

	<b>Fiscal Year Ended June 30</b>				
	2019	2018	2017	2016	2015
<b>Assets</b>					
Taxes.....	\$ 12,059,796	\$ 11,744,936	\$ 11,092,382	\$ 11,178,598	\$ 11,052,516
Cash, cash equivalents and investments.....	8,824,487	8,061,742	7,377,755	6,697,948	6,791,627
Prepays.....	494,360	-	-	-	-
Accounts.....	146,657	175,599	105,597	112,234	22,341
Interfund loan.....	55,761	86,867	117,433	-	-
Other assets.....	30,226	50,719	39,212	42,463	39,941
Notes.....	-	-	10,000	10,000	10,000
<b>Total assets.....</b>	<b>\$ 21,611,287</b>	<b>\$ 20,119,863</b>	<b>\$ 18,742,379</b>	<b>\$ 18,041,243</b>	<b>\$ 17,916,425</b>
<b>Liabilities, deferred inflows of resources and fund balance</b>					
<b>Liabilities</b>					
Accounts payable.....	\$ 988,450	\$ 1,164,803	\$ 573,508	\$ 767,260	\$ 728,737
Accrued liabilities.....	1,129,718	1,058,852	826,518	798,928	715,977
<b>Total liabilities.....</b>	<b>2,118,168</b>	<b>2,223,655</b>	<b>1,400,026</b>	<b>1,566,188</b>	<b>1,444,714</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue—property tax.....	10,092,652	9,883,951	9,657,969	9,636,741	9,578,317
Unavailable revenue—notes.....	55,761	86,867	127,433	10,000	10,000
<b>Total deferred outflows of resources.....</b>	<b>10,148,413</b>	<b>9,970,818</b>	<b>9,785,402</b>	<b>9,646,741</b>	<b>9,588,317</b>
<b>Fund balance</b>					
Unassigned.....	8,705,419	7,730,233	7,497,277	6,779,674	6,836,193
<b>Nonspendable</b>					
Deposits.....	494,360	-	-	-	-
Interfund loan.....	55,761	86,867	-	-	-
Inventory.....	30,226	50,719	-	-	-
<b>Restricted for</b>					
Drug and tobacco enforcement.....	58,940	57,571	59,674	48,640	47,201
<b>Total fund balance.....</b>	<b>9,344,706</b>	<b>7,925,390</b>	<b>7,556,951</b>	<b>6,828,314</b>	<b>6,883,394</b>
<b>Total liabilities, deferred inflows of resources and fund balance.....</b>	<b>\$ 21,611,287</b>	<b>\$ 20,119,863</b>	<b>\$ 18,742,379</b>	<b>\$ 18,041,243</b>	<b>\$ 17,916,425</b>

(Source: Information extracted from the City's audited financial statements compiled by 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

	2019	2018	2017	2016	2015
<b>Revenues</b>					
Taxes and special assessments.....	\$ 26,658,241	\$ 27,071,434	\$ 23,791,447	\$ 21,731,649	\$ 19,738,574
Licenses and permits.....	3,899,003	3,390,668	2,464,561	2,462,374	3,025,886
Charges for services.....	2,837,729	2,225,204	2,115,794	2,119,339	2,071,230
Miscellaneous.....	848,928	-	-	-	-
Investment income.....	530,733	256,814	150,770	102,251	67,526
Intergovernmental.....	232,216	149,575	170,243	133,437	111,775
Rental and other miscellaneous.....	172,703	1,435,524	1,055,613	969,528	910,904
Fines and forfeitures.....	23,108	35,327	42,834	26,902	14,206
Total revenues.....	<u>35,202,661</u>	<u>34,564,546</u>	<u>29,791,262</u>	<u>27,545,480</u>	<u>25,940,101</u>
<b>Expenditures</b>					
<b>Current</b>					
General government.....	16,175,897	16,235,727	15,005,872	14,604,316	13,653,938
Public safety.....	6,360,284	6,392,525	5,970,451	5,349,433	4,953,544
Public works.....	5,935,423	5,648,653	5,194,880	4,878,647	4,718,959
Library and recreation.....	4,367,960	4,237,835	4,080,211	3,824,435	3,495,302
Total expenditures.....	<u>32,839,564</u>	<u>32,514,740</u>	<u>30,251,414</u>	<u>28,656,831</u>	<u>26,821,743</u>
Excess of revenues over (under) expenditures.....	<u>2,363,097</u>	<u>2,049,806</u>	<u>(460,152)</u>	<u>(1,111,351)</u>	<u>(881,642)</u>
<b>Other financing sources (uses)</b>					
Operating transfers in.....	2,673,664	2,577,182	2,397,547	2,256,360	2,166,534
Operating transfers out.....	(3,617,445)	(4,258,549)	(1,208,758)	(1,200,089)	(1,118,616)
Total other financing sources (uses)....	<u>(943,781)</u>	<u>(1,681,367)</u>	<u>1,188,789</u>	<u>1,056,271</u>	<u>1,047,918</u>
Net change in fund balances.....	1,419,316	368,439	728,637	(55,080)	166,276
Fund balance at beginning of year.....	<u>7,925,390</u>	<u>7,556,951</u>	<u>6,828,314</u>	<u>6,883,394</u>	<u>6,717,118</u>
Fund balance at end 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>

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

## Sales And Use Taxes; Franchise Taxes

*Sales and Use Taxes.* Under State law sales taxes are imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. A use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State or the tangible personal property is stored, used or otherwise consumed in the State.

A sales and use tax due and unpaid constitutes a debt due from the vendor and may be collected, together with interest, penalty, and costs, by appropriate judicial proceeding within three years after the vendor is delinquent. Furthermore, if a sales and use tax is not paid when due and if the vendor has not followed the procedures to object to a notice of deficiency, the Utah State Tax Commission may issue a warrant directed to the sheriff of any county commanding the sheriff to levy upon and sell the real and personal property of a delinquent taxpayer found within such county for the payment of the tax due. The amount of the warrant shall have the force and effect of an execution against all personal property of the delinquent taxpayer and shall become a lien upon the real property of the delinquent taxpayer in the same manner as a judgment duly rendered by any district court.

*Total City-Wide Sales and Use Taxes.* As of the date of this OFFICIAL STATEMENT, within the City the general sales and use tax rate is 9.05% (consisting of a 4.85% State tax; a 1% city local tax; a 0.25% county option tax; a 0.30% mass transit tax; a 0.25% additional mass transit tax; a 0.25% county option transportation tax; a 0.25% transportation infrastructure tax; a 0.20% county fixed-guideway, transit system, highway tax; a 0.10% botanical, cultural, zoo tax; and a 1.6% resort community tax).

Cities in a county may impose: (i) a 1% city option tax (imposed by the City); (ii) up to a 0.30% mass transit tax (imposed by the City); (iii) a 1% municipal transient room tax (imposed by the City); (iv) a 0.50% additional municipal transient room tax; (v) a 0.20% county fixed-guideway, transit system, highway tax (imposed by the City); and (vi) a 0.10% botanical, cultural, zoo tax (imposed by the City). Towns in a county may impose a 0.20% town option tax. Certain cities or towns within a county who are considered "impacted communities" may impose up to a 1.6% resort community tax (imposed by the City); and a 0.50% correctional facility tax.

*County-Wide Sales and Use Taxes.* Counties may impose: (i) a 1% local sales tax (with counties collecting only local sales and use taxes from the unincorporated area within the county); (ii) a 0.25% county option tax; (iii) a 0.30% mass transit tax; (iv) a 0.25% additional mass transit tax; (v) a 0.25% county option transportation tax; and (vi) a 0.25% transportation infrastructure tax.

In addition, within the County are other county-wide sales and use taxes on specific business's which may include: (i) a 3.32% transient room tax (consisting of a 3% transient room tax; and a 0.32% state transient room tax); (ii) a 2.5% tourism-short-term leasing tax (for State); (iii) a 1% tourism-restaurant tax; and (iv) a \$1.48 monthly per line county telecommunications (consisting of \$0.71 E911 emergency; \$0.25 unified state-wide 911; and \$0.52 radio network) tax.

*State-Wide Sales and Use Tax.* The State levies a state-wide sales and use tax, which is currently imposed at a rate of 4.85% (as indicated above) of the purchase price of taxable goods and services and a 3% on unprepared food and food ingredients tax (State rate of 1.75%; local option of 1% and county option of 0.25%). The State also imposes a 2.5% tax on tourism short-term leases and rentals of motor vehicles (as identified above); a 0.32% state transient room tax (as identified above); and for sales of residential energy, the State imposes a 2% tax (the State tax of 4.85% is reduced by 2.85%).

*Utility Franchise Taxes and Fees; Telecommunications.* Under State law, municipalities have the authority to impose a tax, license, fee, license fee, license tax, energy sales and use tax or similar charge at a rate not exceeding 6% of gross revenues of public utilities collected within the boundaries of the municipality (or, in the case of gas and electric service providers, not exceeding 6% of the "delivered value" of "taxable energy"). Utilities upon which these taxes and fees may be levied include telephone, natural gas, electric energy service companies and city public utilities. Utility franchise taxes and fees are collected by the utility and remitted monthly to the local government. Energy sales and use taxes are, in certain circumstances, remitted by the energy service provider to the State Tax Commission and then to the municipality. Currently, the City levies a 6.00% municipal energy tax.

The City also levies a 3.5% municipal telecommunications license tax.

For the City’s historical presentation of sales taxes revenues, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 5—General Government Tax Revenues by Source” (CAFR page 111) and “—Schedule 25—Historical Pledged Taxes” (CAFR page 131).

Also see, “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Potential Impact Of The Coronavirus (COVID-19) above.

## DEBT STRUCTURE OF PARK CITY, UTAH

### Outstanding Water Revenue Bonded Indebtedness

The City has outstanding the following water revenue bonds:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2020 (a) (Green) .....	Water/Refunding	\$75,515,000	December 15, 2039	\$75,515,000
2014 .....	Water	4,115,000	June 15, 2026	4,115,000
2013A .....	Refunding	2,830,000	December 15, 2025	1,500,000
2012B .....	Water/refunding	5,525,000	December 15, 2027	5,525,000
2012 .....	Water	4,160,000	June 15, 2027	2,495,000
2010 (2) .....	Water	12,200,000	June 16, 2020 (5)	0
2009C (2) (3) .....	Water/BABs	10,135,000	June 16, 2020 (5)	1,900,000
2009A (4) .....	Water (taxable)	2,500,000	July 15, 2029	<u>1,250,000</u>
Total .....				<u>\$92,300,000</u>

- (a) For purposes of this OFFICIAL STATEMENT the 2020 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) A portion of these bonds to be called and retired by the 2020 Bonds.
- (3) Federally taxable, originally 35% issuer subsidy (direct pay), Build America Bonds (“BABs”).
- (4) Not rated; no rating applied for. These bonds were privately placed. These bonds bear no interest and are federally taxable.
- (5) Final maturity date after bonds are called and retired by the 2020 Bonds.

(Source: Municipal Advisor.)

### Outstanding General Obligation Bonded Indebtedness

The City has outstanding the following general obligation bonds:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2020 .....	Open space/refunding	\$ 9,470,000	May 1, 2035	\$ 9,470,000
2019 .....	Open space/refunding	48,290,000	February 1, 2034	45,430,000
2017 .....	Open space	25,000,000	February 1, 2032	20,820,000
2013A .....	Walkability	7,170,000	May 1, 2028	<u>4,195,000</u>
Total .....				<u>\$79,915,000</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.
- (2) Federally taxable, originally 35% issuer subsidy (direct pay), BABs.
- (3) These bonds were called and retired by the 2020 GO Bonds.
- (4) Final maturity date after bonds are called and retired by the 2020 GO Bonds.

(Source: Municipal Advisor.)

**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	\$25,525,000
2017 (1) .....	Various	31,940,000	June 15, 2032	28,275,000
2015 (1) .....	Various	11,600,000	June 15, 2030	9,035,000
2014B (2).....	Various	5,375,000	June 15, 2029	5,375,000
2014A (1).....	Refunding	6,725,000	June 15, 2021	<u>2,090,000</u>
Total .....				<u>\$70,300,000</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 sales tax revenue debt.* The City may issue approximately \$25 million in sales tax revenue bonds in Fiscal Year 2022 for an arts and culture project.

*Conduit Debt.* From time to time the City may issue conduit debt for private business. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note P. Conduit Debt” (CAFR page 82). 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 2020 \$75,515,000		Series 2014 \$4,115,000		Series 2013A \$2,830,000		Series 2012B \$5,525,000		Series 2012 \$4,160,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019.....	\$ 0	\$ 0	\$ 0	\$ 133,737	\$ 230,000	\$ 37,000	\$ 0	\$ 124,312	\$ 265,000	\$ 86,200
2020.....	0	0	0	133,737	235,000	32,350	0	124,313	280,000	78,250
2021.....	2,020,000	2,521,928	0	133,738	240,000	27,600	0	124,312	290,000	69,850
2022.....	2,125,000	2,425,469	0	133,738	245,000	22,750	0	124,313	300,000	61,150
2023.....	2,250,000	2,316,094	0	133,738	245,000	17,850	0	124,312	310,000	52,150
2024.....	2,325,000	2,201,719	0	133,738	250,000	12,900	0	124,313	315,000	42,850
2025.....	175,000	2,139,219	2,350,000	133,738	255,000	7,850	0	124,312	325,000	33,400
2026.....	0	2,134,844	1,765,000	57,363	265,000	2,650	0	124,313	335,000	23,650
2027.....	1,945,000	2,086,219	-	-	-	-	2,525,000	95,906	340,000	13,600
2028.....	2,000,000	1,987,594	-	-	-	-	3,000,000	33,750	-	-
2029.....	4,250,000	1,831,344	-	-	-	-	-	-	-	-
2030.....	4,475,000	1,613,219	-	-	-	-	-	-	-	-
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	64,016	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 75,515,000</u>	<u>\$ 28,076,882</u>	<u>\$ 4,115,000</u>	<u>\$ 993,526</u>	<u>\$ 1,965,000</u>	<u>\$ 160,950</u>	<u>\$ 5,525,000</u>	<u>\$ 1,124,156</u>	<u>\$ 2,760,000</u>	<u>\$ 461,100</u>

Fiscal Year Ending June 30	Series 2010 \$12,200,000		Series 2009C \$10,135,000		Series 2009B \$13,090,000		Series 2009A \$2,500,000		<b>Totals</b>		
	Principal	Interest	Principal	Interest (1)	Principal	Interest	Principal (2)	Total Principal	Total Interest (1)	Total Debt Service	
2019.....	\$ 825,000	\$ 261,925	\$ 0	\$ 508,638	\$ 1,810,000	\$ 90,500	\$ 125,000	\$ 3,255,000	\$ 1,242,312	\$ 4,497,312	
2020.....	870,000	219,550	1,900,000	508,638	-	-	125,000	3,410,000	1,096,838	4,506,838	
2021.....	0	0 (3)	0	0 (3)	-	-	125,000	2,675,000	2,877,428	5,552,428	
2022.....	0	0 (3)	0	0 (3)	-	-	125,000	2,795,000	2,767,420	5,562,420	
2023.....	0	0 (3)	0	0 (3)	-	-	125,000	2,930,000	2,644,144	5,574,144	
2024.....	0	0 (3)	0	0 (3)	-	-	125,000	3,015,000	2,515,520	5,530,520	
2025.....	0	0 (3)	-	-	-	-	125,000	3,230,000	2,438,518	5,668,518	
2026.....	-	-	-	-	-	-	125,000	2,490,000	2,342,819	4,832,819	
2027.....	-	-	-	-	-	-	125,000	4,935,000	2,195,725	7,130,725	
2028.....	-	-	-	-	-	-	125,000	5,125,000	2,021,344	7,146,344	
2029.....	-	-	-	-	-	-	125,000	4,375,000	1,831,344	6,206,344	
2030.....	-	-	-	-	-	-	125,000	4,600,000	1,613,219	6,213,219	
2031.....	-	-	-	-	-	-	-	4,700,000	1,383,844	6,083,844	
2032.....	-	-	-	-	-	-	-	4,875,000	1,193,219	6,068,219	
2033.....	-	-	-	-	-	-	-	5,025,000	1,044,719	6,069,719	
2034.....	-	-	-	-	-	-	-	5,175,000	891,719	6,066,719	
2035.....	-	-	-	-	-	-	-	5,350,000	733,844	6,083,844	
2036.....	-	-	-	-	-	-	-	5,500,000	571,094	6,071,094	
2037.....	-	-	-	-	-	-	-	5,650,000	432,094	6,082,094	
2038.....	-	-	-	-	-	-	-	5,775,000	314,234	6,089,234	
2039.....	-	-	-	-	-	-	-	5,875,000	190,453	6,065,453	
2040.....	-	-	-	-	-	-	-	6,025,000	64,016	6,089,016	
Totals.....	<u>\$ 1,695,000</u>	<u>\$ 481,475</u>	<u>\$ 1,900,000</u>	<u>\$ 1,017,275</u>	<u>\$ 1,810,000</u>	<u>\$ 90,500</u>	<u>\$ 1,500,000</u>	<u>\$ 96,785,000</u>	<u>\$ 32,405,864</u>	<u>\$ 129,190,864</u>	

(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 will be refunded by the 2020 Bonds.

(Source: 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 2014 (1) \$3,385,000		Series 2013A \$7,170,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,280,000	\$ 961,550	\$ 725,000	\$ 14,500	\$ 440,000	\$ 138,213
2020.....	0	0	2,860,000	2,014,771	1,335,000	910,350	-	-	455,000	129,413
2021.....	1,385,000	434,468	2,795,000	2,081,900	1,385,000	843,600	-	-	465,000	120,313
2022.....	1,435,000	371,338	2,945,000	1,942,150	1,440,000	774,350	-	-	480,000	109,850
2023.....	1,500,000	299,588	3,090,000	1,794,900	1,500,000	702,350	-	-	500,000	97,850
2024.....	1,570,000	224,588	3,245,000	1,640,400	1,560,000	627,350	-	-	515,000	84,100
2025.....	615,000	146,088	3,405,000	1,478,150	1,625,000	549,350	-	-	530,000	69,938
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>\$ 23,435,000</u>	<u>\$ 7,131,200</u>	<u>\$ 725,000</u>	<u>\$ 14,500</u>	<u>\$ 5,090,000</u>	<u>\$ 860,425</u>

Fiscal Year Ending June 30	Series 2010B (1) \$6,000,000		Series 2009 (1) \$13,500,000		Totals		
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2019.....	\$ 400,000	\$ 149,135	\$ 820,000	\$ 200,575	\$ 3,665,000	\$ 1,463,973	\$ 5,128,973
2020.....	410,000	131,335	850,000	173,515	5,910,000	3,359,383	9,269,383
2021.....	0	0 (2)	0	0 (2)	6,030,000	3,480,281	9,510,281
2022.....	0	0 (2)	0	0 (2)	6,300,000	3,197,688	9,497,688
2023.....	0	0 (2)	0	0 (2)	6,590,000	2,894,688	9,484,688
2024.....	0	0 (2)	0	0 (2)	6,890,000	2,576,438	9,466,438
2025.....	0	0 (2)	0	0 (2)	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>\$ 810,000</u>	<u>\$ 280,470</u>	<u>\$ 1,670,000</u>	<u>\$ 374,090</u>	<u>\$ 89,490,000</u>	<u>\$ 28,098,299</u>	<u>\$ 117,588,299</u>

(1) This bond issue is included in this table because the final principal and interest payments occurred in Fiscal Years 2019 and 2020.

(2) Principal and interest will be refunded by the 2020 GO Bonds.

(Source: 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		<b>Totals</b>		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
	2019.....	\$ 0	\$ 323,675	\$ 1,590,000	\$ 1,178,853	\$ 665,000	\$ 333,425	\$ 0	\$ 164,912	\$ 985,000	\$ 101,700	\$ 3,240,000	\$ 2,102,565
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	7,417,440
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
<b>Totals.....</b>	<b>\$ 26,775,000</b>	<b>\$ 9,710,425</b>	<b>\$ 29,865,000</b>	<b>\$ 8,913,710</b>	<b>\$ 9,700,000</b>	<b>\$ 2,305,800</b>	<b>\$ 5,375,000</b>	<b>\$ 1,272,689</b>	<b>\$ 3,075,000</b>	<b>\$ 185,300</b>	<b>\$ 74,790,000</b>	<b>\$ 22,387,924</b>	<b>\$ 97,177,924</b>

(Source: Municipal Advisor.)

## Overlapping And Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2020 Taxable Value (1)</u>	<u>City's Portion of Tax- able Value</u>	<u>City's Per- centage</u>	<u>Entity's G.O. Debt</u>	<u>City's Portion of G.O. Debt</u>
<i>Overlapping:</i>					
State of Utah.....	\$340,706,436,091	\$10,312,904,890	3.0%	\$2,452,055,000	\$73,561,650
WBWCD (2).....	70,625,030,515	10,003,517,743	14.2	11,650,000	<u>1,654,300</u>
Total overlapping.....					<u>75,215,950</u>
<i>Underlying:</i>					
CUWCD (3).....	201,846,624,177	348,227,567	0.2	193,540,000	387,080
Snyderville Basin Rec. District (bond) (4) ....	12,440,091,814	1,646,688,028	13.2	20,700,000 (6)	2,732,400
Wasatch County.....	7,243,122,380	348,227,567	4.8	1,025,000	49,200
Wasatch School District .....	7,243,122,380	348,227,567	4.8	84,560,000	<u>4,058,880</u>
Total underlying.....					<u>7,227,560</u>
Total overlapping and underlying general obligation debt .....					<u>\$82,443,510</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (5) .....					\$ 1,654,300
Total <i>direct</i> general obligation bonded indebtedness .....					<u>79,915,000</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State).....					<u>\$81,569,300</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” below.
- (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 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 the Snyderville Basin Special Recreation District have adjusted the recreational district’s taxing boundaries however; 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.
- (6) This amount is based on the City’s portion of general obligation debt in the Recreation District’s taxing area. The District’s total outstanding general obligation debt is \$46,875,000.

(Source: Municipal Advisor.)

For the City’s presentation of Fiscal Year 2019 direct and overlapping debt, see “APPENDIX A— COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019— Statistical Information—Schedule 16. Direct and Overlapping Governmental Activities Debt as of June 30, 2019” (CAFR page 122).

## 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 2020 Est. Taxable Value (1)	To 2020 Est. Market Value (2)	To 2019 Population Estimate Per Capita (3)
Direct general obligation debt .....	0.75%	0.66%	\$9,373
Direct and overlapping general obligation debt .....	0.77	0.68	9,567

- (1) Based on an estimated 2019 estimated Taxable Value of \$10,656,458,978, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2019 estimated Market Value of \$12,027,610,793, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on 2019 estimate of 8,526 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

Also, see “FINANCIAL INFORMATION REGARDING PARK CITY, UTAH—Taxable, Fair Market And Market Value Of Property” below.

For a 10–year history of debt ratios of the City regarding general obligation bonds, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 15. Ratios of General Bonded Debt Outstanding” (CAFR page 121).

### 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 2019 and the calculated valuation value from 2019 uniform fees, and are calculated as follows:

2019 “Fair Market Value” .....			\$11,472,124,948
2019 Valuation from Uniform Fees (1) .....			<u>15,657,160</u>
2019 “Fair Market Value for Debt Incurring Capacity” .....			<u>\$11,487,782,108</u>
	8% Sewer, Water and Electric	4% Other Purposes	12% Total
“Fair Market Value” x 8% .....	\$919,022,569	\$ 0	\$ 919,022,569
“Fair Market Value” x 4% .....	<u>0</u>	<u>459,511,284</u>	<u>459,511,284</u>
Total debt incurring capacity .....	919,022,569	459,511,284	1,378,533,853
Less: current outstanding general obligation debt .....	<u>(0)</u>	<u>(89,207,655)</u>	<u>(89,207,655)</u>
Additional debt incurring capacity .....	<u>\$919,022,569</u>	<u>\$370,303,629</u>	<u>\$1,289,326,198</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 \$9,292,655 (as of June 30, 2019) and together with current outstanding debt of \$79,915,000, results in total outstanding debt of \$89,207,655.

(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—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Statistical Section—Schedule 17. Legal Debt Margin Information Last Ten Fiscal Years” (CAFR page 123).

### 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 2020 Bonds

There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the 2020 Bonds.

On the date of the execution and delivery of the 2020 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 2020 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 Mark D. Harrington, City Attorney, dated the date of closing, will be provided stating, among other things, that there is not pending, or to his 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 2020 Bonds or such other documents as may be required in connection with the issuance and sale of the 2020 Bonds, or to comply with or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2020 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2020 Bonds are issued, the legality of the purpose for which the 2020 Bonds are issued, or the validity of the 2020 Bonds or the issuance and sale thereof.

Also, see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note H. Commitments and Contingencies” (CAFR page 78).

### General

Certain legal matters incident to the authorization, issuance and sale of the 2020 Bonds are subject to the approving legal opinion of Farnsworth Johnson PLLC, Bond Counsel to the City. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the City by Farnsworth Johnson PLLC, Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Mark D. Harrington, City Attorney. The approving opinion of Bond Counsel will be delivered with the 2020 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.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness, or sufficiency of the OFFICIAL STATEMENT or other offering material relating to the 2020 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this OFFICIAL STATEMENT.

The various legal opinions to be delivered concurrently with the delivery of the 2020 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

### Federal Income Taxation Of 2020 Bonds

In the opinion of Farnsworth Johnson PLLC (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2020 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). *In the further opinion of Bond Counsel, interest on the 2020 Bonds is not a specific preference item for purposes of the federal individual alterna-*

*tive minimum tax.* Bond Counsel expects to deliver an opinion at the time of issuance of the 2020 Bonds substantially in the form set forth in “APPENDIX C—FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the 2020 Bonds is less than the amount to be paid at maturity of such 2020 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2020 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2020 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2020 Bonds is the first price at which a substantial amount of such maturity of the 2020 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2020 Bonds accrues daily over the term to maturity of such 2020 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2020 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2020 Bonds. Beneficial Owners of the 2020 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2020 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2020 Bonds in the original offering to the public at the first price at which a substantial amount of such 2020 Bonds is sold to the public.

2020 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2020 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the 2020 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2020 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2020 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2020 Bonds may adversely affect the value of, or the tax status of interest on, the 2020 Bonds.

Although Bond Counsel is of the opinion that interest on the 2020 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Bonds may otherwise affect a Beneficial Owner’s federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the 2020 Bonds. Prospective purchasers of the 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the 2020 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2020 Bonds ends with the issuance of the 2020 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the 2020 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the City and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2020 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2020 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

### **Utah Income Taxation**

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

## **CERTAIN INVESTMENT CONSIDERATIONS**

*The purchase of the 2020 Bonds involves certain investment risks that are discussed throughout this OFFICIAL STATEMENT. No prospective purchaser of the 2020 Bonds should decide to purchase any of the 2020 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 2020 Bonds are payable from and secured by a pledge and assignment of Net Revenues from the System and moneys 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 2020 Bonds when due.

### **Operation Of The System**

In order for the City to make timely payment of the principal and interest requirements of the 2020 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 2020 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 2020 BONDS—Rate Covenant” above.

### **No Debt Service Reserve Fund For The 2020 Bonds**

Upon the issuance of the 2020 Bonds there will be no funding of an account in the Debt Service Reserve Fund with respect to the 2020 Bonds.

### **Climate Change Risk**

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 And Global Health Emergencies**

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

The State is in a region of seismic activity subject to earthquakes in varying strengths. The State has identified major geologic faults running throughout the State and the most recent earthquake occurred in March 2020 in the Township of Magna, Utah (near Salt Lake City, Utah and approximately 40 miles west of the City), measuring 5.7 on the Richter scale. Newer building codes throughout the State, County 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 five years. 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, the County’s and the City’s economy, cause repository health problems, loss of infrastructure, homes and property and destroying forestland, wildlife habitat and its resources.

## **MISCELLANEOUS**

### **Bond Ratings**

As of the date of this OFFICIAL STATEMENT, the 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 2020 Bonds, timing of sale, taxable and tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2020 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, 2019 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants, Salt Lake City, Utah (“Piercy Bowler”), as stated in their report in “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019” (CAFR page 2). Piercy Bowler has not been engaged to perform and has not performed, since the date of their report included in the Fiscal Year 2019 CAFR, any procedures on the financial statements addressed in the Fiscal Year 2019 CAFR.

Piercy Bowler 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**

## APPENDIX A

### COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019

The CAFR for Fiscal Year 2019 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 CAFR for Fiscal Year 2020 must be completed under State law by December 31, 2020.*

#### **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 CAFR for 31 consecutive years, beginning with Fiscal Year 1987 through Fiscal Year 2018. For the Fiscal Year 2018 certificate see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2019—Certificate of Achievement" (CAFR page xiii).

To be awarded a certificate of achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual 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. *The City has submitted its Fiscal Year 2019 CAFR to GFOA to determine its eligibility for a Certificate of Achievement.* The City believes that its Fiscal Year 2019 CAFR continues to meet the Certificate of Achievement program requirements.

#### **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 2017.

The City has submitted its Fiscal Year 2019 Budget to GFOA to determine its eligibility for a Distinguished Budget Presentation. The City believes that its Fiscal Year 2019 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, 2019**



# **PARK CITY MUNICIPAL CORPORATION, UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**(Including Internal Control and Compliance Reports  
and Supplementary Information)  
for fiscal year ended June 30, 2019**

**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, 2019**

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# **INTRODUCTORY SECTION**

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December 20, 2019

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

These financial statements have been prepared by the Park City Municipal Corporation Finance Department in accordance with generally accepted accounting principles in the United States (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). 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, 2019.

The City's management is responsible for the accuracy of the report, as well as the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the report is complete and accurate in all material respects. In order to have a basis to rely on for management to make these representations, the City maintains a comprehensive system of internal controls designed to provide reasonable, but not absolute, assurance against loss of assets or material misstatement in the financial statements. This level of assurance is an inherent limitation in a system of internal controls because they should be cost-effective, i.e. the cost of such controls should not exceed the related benefit.

The basic financial statements contained in this report have been audited by Piercy Bowler Taylor & Kern, a firm of licensed certified public accountants. The objective of this type of audit is for the independent auditors to render an opinion, with reasonable assurance, as to whether the basic financial statements of Park City Municipal Corporation (City) for the fiscal year ended June 30, 2019 are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances and systems. The unmodified ("clean") opinion on the basic financial statements signed by Piercy Bowler Taylor & Kern is located at the beginning of the financial section.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

## **Profile of Park City Municipal Corporation, Utah**

Park City Municipal Corporation is governed by an elected mayor and five-member council. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government and operates under a mayor-council form of government. Policy-making and legislative authority are vested in the governing council. 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 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 council and mayor are elected on a non-partisan basis. Council members and the mayor serve four-year staggered terms. Elections are held every odd numbered year.



The City provides many municipal services including police, parks, recreation, library, water, stormwater, public improvements, streets, planning and zoning, golf course, transportation and parking, 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 City 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 of the City's financial planning and control. Budgets are prepared for all governmental fund types including the general fund, capital improvements funds, special revenue funds, and debt service funds. 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.

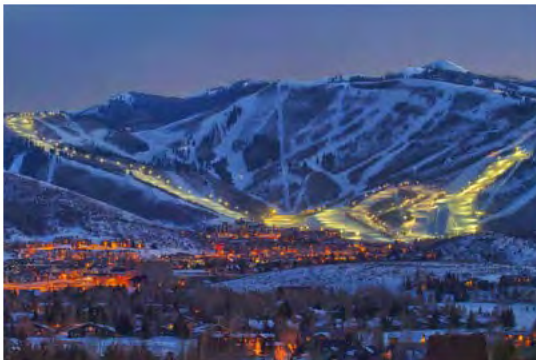
## Local Economy

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 with an area of twenty square miles and a permanent resident population of approximately 8,280.



World renowned skiing is the center of activity being complemented throughout the year with major activities and events, such as the Sundance Film Festival, Kimball Arts Festival, concerts, sporting events, along with a variety of other winter and summer related activities.

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.



In 2002, Salt Lake City hosted the 2002 Winter Olympic Games with two athletic venues in Park City and another just north of the City limits. Deer Valley Resort hosted the slalom, aerial, and mogul competitions; Park City Mountain Resort hosted the giant slalom, snowboarding slalom and snowboarding halfpipe; and the Utah Winter Sports Park (Summit County) hosted ski jumping, luge and bobsled events.

Deer Valley Resort and Park City Mountain Resort were two of three resorts that hosted the 2019 World Championships. For 21 years, Deer Valley has hosted international and world competitions. Deer Valley took second place as the best western family resort in North America in *Ski Magazine's* resort review of 2019's Top-Ranked Western Ski Resorts. Deer Valley ranked

first for best western ski resort for five consecutive years between 2007 and 2011. Additionally, Deer Valley has earned the distinction of the “Best U.S. Ski Resort by the World Ski Awards for six consecutive years.

Major employer-types in the City include accommodation and food service, arts/entertainment and recreation, retail trade, real estate, technical services and government. Unemployment data was unavailable for Park City; however, the Summit County unemployment rate is estimated at 2.7 percent. The current State of Utah rate is 2.8 percent and the national rate is 3.7 percent.

## **Economic Trends**

Park City has seen strong growth over the years in the ski industry. Encouraging tourism and the ski industry are objectives for Park City, as well as for the State of Utah. With its close proximity to Salt Lake City and Salt Lake International Airport, Park City is a major contributor to these goals. Due to one of the best snow years on record, total statewide skier days were 5,125,441 up 23.6 percent from the 2017-2018 season and 12.0 percent higher than the state’s record of 4.58 million in 2016-2017. Skier days were up nearly 11.0 percent nationally from 53.3 million to 59.0 million.

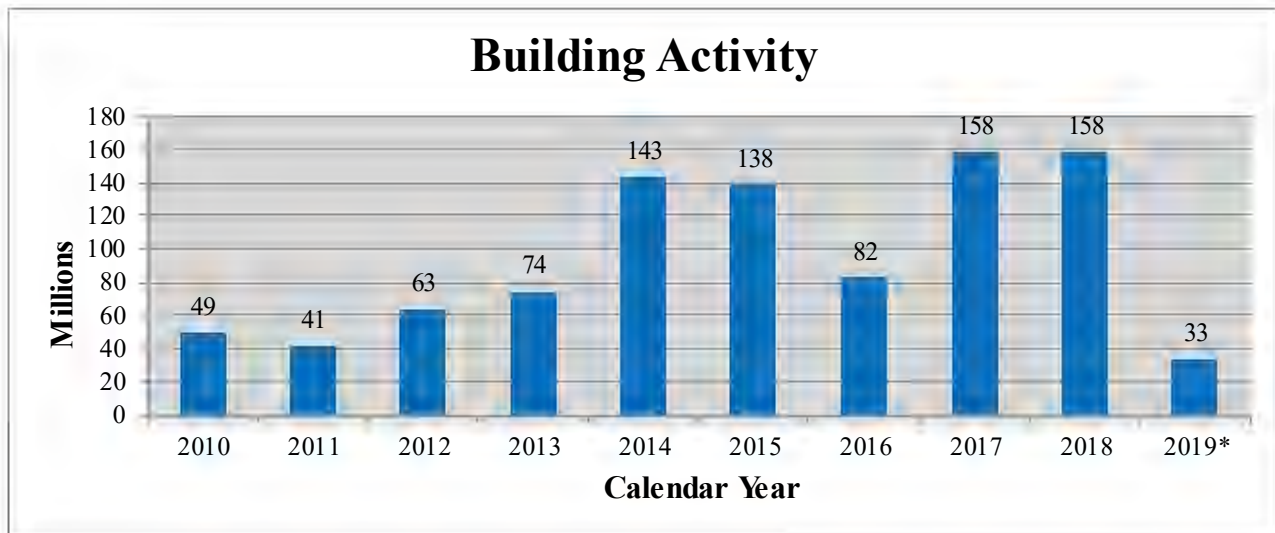
With the local economy dependent on tourism and skiing, employment in Park City tends to decline in the spring and summer months. The City has successfully mitigated this decline by diversifying recreational activities in the “off-season” and increasing special events. The City hosted the Triple Crown World Series baseball tournament for the seventeenth year. This event draws 34 teams from 9 different states. Park City is a popular venue for Tour of Utah, one of the top professional cycling events in North America. Autumn Aloft is a popular, free, two-day festival launching dozens of balloons at once, creating a rainbow of colors in the sky set against the beautiful fall colors of Park City.

The service population is significant due to the number of secondary homeowners and visitors within Park City. The City has approximately 149 restaurants, 224 shops, 35 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 27,422 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 2019. A recent study by Y2 Analytics revealed that the 2019 festival generated an overall economic impact of \$182.5 million GDP for the State of Utah, slightly down from the 2018 festival record of \$191.6. Sundance and Park City Municipal Corporation have formally agreed that Park City will remain festival headquarters through the 2026 film festival and, importantly, 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 presents high quality, independent films. Nationally known actors, directors, writers and other members of the film industry conduct and attend workshops, classes, seminars, dinners and premiers that are open to the public. The cultural event attracted at least 122,000 attendees, down slightly from 2018 attendance of at least 124,000 with approximately 43,550 attendees coming from out of state.

The Kimball Arts Center sponsored its 49th annual three-day Park City Arts Festival in August 2018. The Park City Arts Festival is Utah’s oldest and the longest running arts festival in the West. This event attracted an estimated 49,921 visitors, a decrease of 6.5 percent over the previous year. The festival featured 227 of North America’s top artists. This is one of the most attended annual events in Utah and includes an art auction and gala and a 5K run for the arts. Kimball Arts Center is also planning to build a new facility in the future “Arts and Culture District” of Bonanza Park.

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 \$97.4 million per year. In the first six months of calendar year 2019, 87.9 percent of the \$33.5 million in building activity has been in residential construction. The remaining 12.1 percent consists of commercial construction. The residential construction total valuation of approximately \$29.4 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 2019 number is from January 2019 through June 2019 only. For activity by fiscal year, please see Schedule 26 of the Statistical Section.

According to the latest statistics by the Park City Board of Realtors, residential lots sold in Park City range from an average of \$621,667 in the Lower Deer Valley area to an average of \$4,000,000 for lots in the Empire Pass area. Condominiums range in average sales price from \$267,978 to \$2,903,422, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$1,061,887 to \$9,097,500. Overall, the volume of single-family homes sold was up 13.0 percent and the median sales price increased by 7.0 percent, over the same period last year. In contrast, condominium sales showed a volume decrease of 2.0 percent, and the median sales price decreased 4.0 percent as compared to the same period last year.

## **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 2019, 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** – Park 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 8.85 percent sales tax on general purchases in Park City, the municipality levies a 1.0 percent local option sales tax, a 0.25 county option sales tax, a combined 1.05 percent transit tax, a 0.1 county cultural tax, a 1.1 percent resort community tax and a 0.5 percent additional resort community sales and use tax.

## **Relevant Financial Policies**

**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.

**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 2019 was adopted with no property tax increase.

## 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. As part of the net zero goals, in October 2019, Park City hosted Mountain Towns 2030, a coalition of mountain towns committed to achieving ambitious carbon reduction goals by 2030, for the inaugural MT2030 Net Zero Summit.

**Electric Bike-Share Program** – In partnership with Summit County, Park City launched its third season of the electric bike-share program. Since the inception of the program in 2017, riders traveled more than 55,000 miles. To meet increasing demand, the City added 11 new docking stations and 40 bikes for a total of 19 stations and 128 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 faster and more efficient than diesel-fueled buses with an operating cost of approximately \$0.19 a mile. On many routes, buses run every ten minutes from 7:00 a.m. to midnight, seven days a week during peak season. The City added five electric buses and 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.

**Kamas Commuter** – As part of a five-year transit plan, Park City, in partnership with Summit County, extended to bus service to Kamas Valley in the summer of 2017. Since then, the Kamas Commuter service has exceeded expectations for ridership and the route was expanded to seven days a week in November 2018. The buses run in the mornings and evenings with stops along State Road 248 and the Kamas Valley.



**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. Substantial construction on the 11 units was completed on July 15, 2019, and sale of the units is expected by December 2019. 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.

## **Update on Major Projects**

**Water Projects** – Water quality and delivery continue to be a top priority for Park City. With the rate of development that has occurred over the past few years, future water needs have been identified and the cost of these improvements is being fairly distributed between users and new development. Capital spending in the Water Fund is reflective of the City’s continuing 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 \$5.2 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.

**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 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. This will allow Park City to collaboratively shape the future of the Bonanza Park area by partnering to develop a sustainable, walkable, livable and vibrant community Arts & Culture District. Redevelopment of the area is expected to begin in Spring 2020.

**Pedestrian Tunnel** – In May of 2019, Park City began construction of a pedestrian tunnel on SR-248 near Park City High School and Cooke Drive. The tunnel will help alleviate traffic congestion, improve circulation, provide safe access for all users and enhance access to trails and transit. Completion of the tunnel is expected in November of 2019.

## 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, 2018. In order to receive the 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.

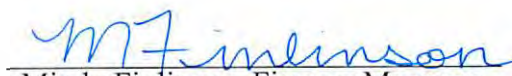
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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, most recently, 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 Piercy Bowler Taylor & Kern, 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, Acting City Manager

  
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Mindy Finlinson, Finance Manager

**PARK CITY MUNICIPAL CORPORATION, UTAH**

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

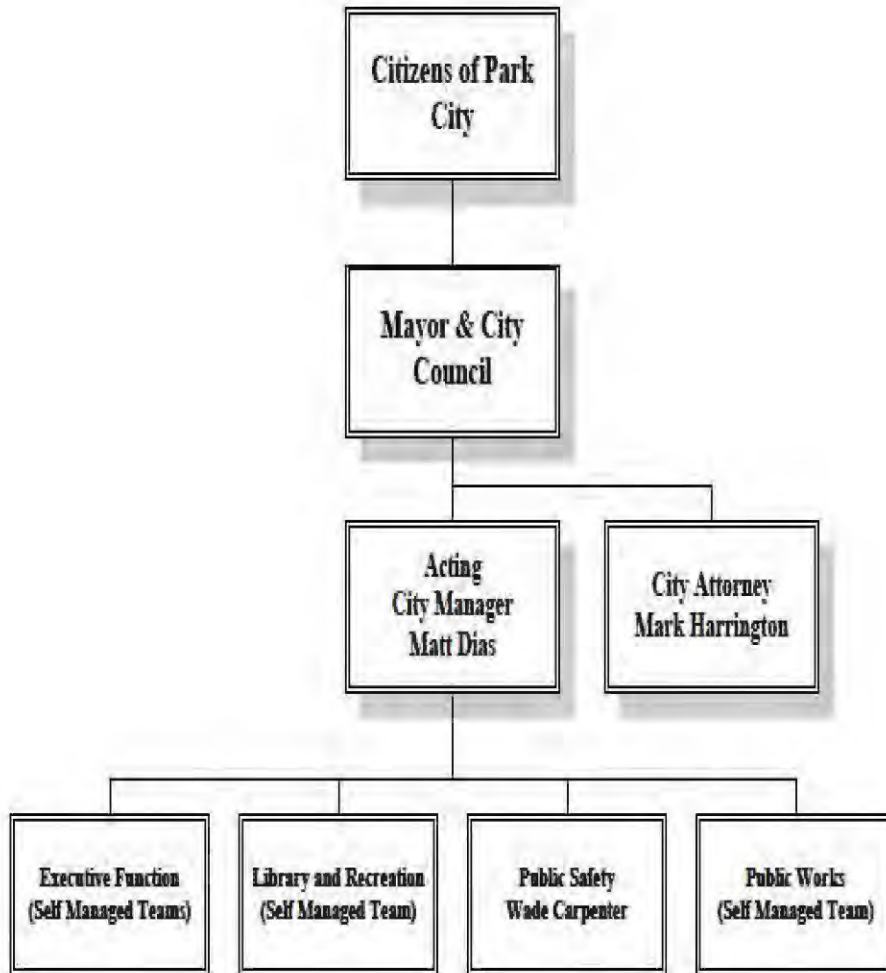
**MAYOR AND CITY COUNCIL AS OF JUNE 30, 2019**

<b>Name</b>	<b>Term Expires</b>
<b>Mayor</b>	
<b>Andy Beerman</b> <i>445 Marsac Avenue Park City, Utah 84060</i>	January 2022
<b>Councilors</b>	
<b>Tim Henney</b> <i>PO Box 3927 Park City, Utah 84060</i>	January 2022
<b>Steven Joyce</b> <i>1776 Park Ave, Ste. 4 Park City, Utah 84060</i>	January 2022
<b>Lynn Ware</b> <i>2844 Holiday Ranch Loop Park City, Utah 84060</i>	January 2020
<b>Nannette Worel</b> <i>3412 Solamere Drive Park City, Utah 84060</i>	January 2020
<b>Rebecca Gerber</b> <i>PO Box 744 Park City, Utah 84060</i>	January 2020

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Matt Dias, Acting 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.



Government Finance Officers Association

**Certificate of  
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for Excellence  
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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, 2018**

*Christopher P. Morill*

Executive Director/CEO

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# **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2019, and the budgetary comparison information for the general fund and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

**Management's Responsibility for the Financial Statements.** Management is responsible for the preparation and fair presentation of the basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility.** Our responsibility is to express an opinion on the basic 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 basic financial statements are free from material misstatement.

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

**Opinion.** In our opinion, the basic financial statements referred to above present fairly, in all material respects, the 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



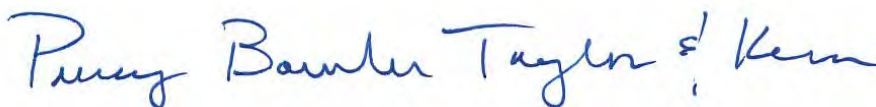
**Other Matters.** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and on pages 4-20 and 87-89 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 our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and schedule of business license fees 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 them.

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Salt Lake City, Utah  
December 23, 2019

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2019**

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, 2019. 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, 2019, was \$386,253,888. Of this amount, \$65,169,526 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$21,664,104. Of this amount, business-type activities increased by \$5,638,453, a rise of 4.6 percent, and the governmental activities increased by \$16,025,651 a rise of 6.6 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$91,799,543 an increase of \$28.7 million (45.6 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, \$8,705,419 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, 2019, totaled \$8,705,419 and is 24.7 percent of the General Fund total revenues for the year and 9.5 percent of total governmental fund balance.
- The City's total debt had a net increase of \$60,230,000 during fiscal year 2019. This represents a 48.2 percent increase over the prior year, which is attributable to the issuance of the 2019 Sales Tax Bonds and 2019 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 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

Immediately following the notes to the financial statements, 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 probably the most important financial measurement 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. 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 22-23 of this report.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

**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 26 and 28. 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 25-29. 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 90-100.

- 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 29, 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, 2019**

**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 31-35 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), 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 102-104 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 37-38 of this report.

**Notes to the Financial Statements** contain additional information important to gain 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, 2019**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

*Net position* – The following table presents summary information from the Statement of Net Position for the years ended June 30, 2019 and 2018.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
Current and other assets	\$ 123.9	\$ 91.4	\$ 26.4	\$ 29.8	\$ 150.3	\$ 121.2	24.0%
Capital assets	341.6	279.1	139.9	133.6	481.5	412.7	16.7%
Total assets	<u>465.5</u>	<u>370.5</u>	<u>166.3</u>	<u>163.4</u>	<u>631.8</u>	<u>533.9</u>	<u>18.3%</u>
Total deferred outflows of resources	<u>5.2</u>	<u>5.3</u>	<u>2.2</u>	<u>2.1</u>	<u>7.4</u>	<u>7.4</u>	<u>0.5%</u>
Long-term debt	171.1	98.2	32.3	35.8	203.4	134.0	51.8%
Other liabilities	17.2	11.1	7.6	5.2	24.8	16.3	51.9%
Total liabilities	<u>188.3</u>	<u>109.3</u>	<u>39.9</u>	<u>41.0</u>	<u>228.2</u>	<u>150.3</u>	<u>51.8%</u>
Total deferred inflows of resources	<u>24.7</u>	<u>24.8</u>	<u>0.1</u>	<u>1.6</u>	<u>24.8</u>	<u>26.4</u>	<u>-6.1%</u>
Net position							
Net investment in capital assets	200.3	190.0	113.5	104.3	313.8	294.3	6.6%
Restricted	7.3	6.7	-	-	7.3	6.7	9.0%
Unrestricted	50.2	45.0	15.0	18.6	65.2	63.6	2.5%
Total net position	<u>\$ 257.7</u>	<u>\$ 241.7</u>	<u>\$ 128.5</u>	<u>\$ 122.9</u>	<u>\$ 386.2</u>	<u>\$ 364.6</u>	<u>5.9%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$386.2 million (net position), compared to \$364.6 million at June 30, 2018. This would indicate an improved financial position in comparison to last fiscal year. Approximately 81.2 percent at June 30, 2019, and 80.7 percent at June 30, 2018, 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 \$19.5 million was primarily due to the purchase of Treasure Hill, combined with routine acquisitions of capital assets, repayments of the related debt and depreciation expense.

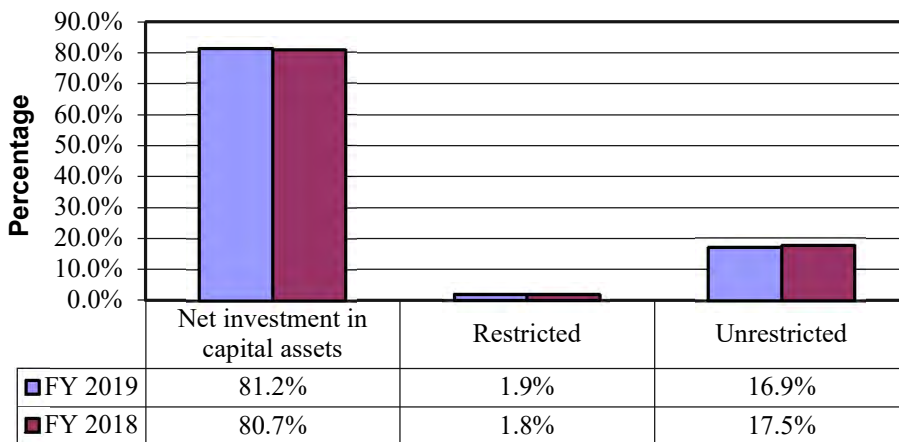
**PARK CITY MUNICIPAL CORPORATION, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
June 30, 2019**

Restricted net position of \$7.3 million at June 30, 2019, and \$6.7 million at June 30, 2018 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$0.6 million reflects an increase in the amount restricted for capital projects.

The other sub-classification of net position is unrestricted. The balance of approximately \$65.2 million at June 30, 2019, which is unrestricted, 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 \$1.6 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.

**Park City Municipal Corporation  
Net Position Percentage  
June 30, 2019 and 2018**



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

**Changes in Net Position** - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2019 and 2018.

<b>Park City Municipal Corporation</b>							
<b>Summary of Changes in Net Position</b>							
<b>(in millions of dollars)</b>							
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<b>Total %</b>
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues							
Program Revenues							
Charges for services	\$ 7.0	\$ 6.3	\$ 32.4	\$ 30.2	\$ 39.4	\$ 36.5	7.9%
Operating grants and contributions	0.2	0.2	-	2.3	0.2	2.5	-92.0%
Capital grants and contributions	1.6	9.0	6.5	2.4	8.1	11.4	-28.9%
General Revenues							
Property Tax	21.5	21.1	-	-	21.5	21.1	1.9%
Other Taxes	26.4	23.5	6.1	5.6	32.5	29.1	11.7%
Investment earnings	2.3	1.1	0.6	0.4	2.9	1.5	93.3%
Other	3.0	1.8	(0.2)	0.5	2.8	2.3	21.7%
<b>Total revenues</b>	<u>62.0</u>	<u>63.0</u>	<u>45.4</u>	<u>41.4</u>	<u>107.4</u>	<u>104.4</u>	<u>2.9%</u>
Expenses							
General government	23.8	21.8	-	-	23.8	21.8	9.2%
Public safety	6.7	6.7	-	-	6.7	6.7	0.0%
Public works	6.9	7.2	-	-	6.9	7.2	-4.2%
Library and recreation	5.7	5.7	-	-	5.7	5.7	0.0%
Interest on long-term debt	3.6	2.6	-	-	3.6	2.6	38.5%
Water	-	-	13.6	13.3	13.6	13.3	2.3%
Stormwater	-	-	1.5	0.9	1.5	0.9	66.7%
Transportation and parking	-	-	22.5	19.4	22.5	19.4	16.0%
Golf course	-	-	1.5	1.7	1.5	1.7	-11.8%
<b>Total expenses</b>	<u>46.7</u>	<u>44.0</u>	<u>39.1</u>	<u>35.3</u>	<u>85.8</u>	<u>79.3</u>	<u>8.2%</u>
Increase in net position before transfers	15.3	19.0	6.3	6.1	21.6	25.1	-13.9%
Transfers	0.7	0.7	(0.7)	(0.7)	-	-	0.0%
Increase in net position	<u>16.0</u>	<u>19.7</u>	<u>5.6</u>	<u>5.4</u>	<u>21.6</u>	<u>25.1</u>	<u>-13.9%</u>
Net position beginning	241.7	222.0	122.9	117.5	364.6	339.5	7.4%
Net position ending	<u>\$ 257.7</u>	<u>\$ 241.7</u>	<u>\$ 128.5</u>	<u>\$ 122.9</u>	<u>\$ 386.2</u>	<u>\$ 364.6</u>	<u>5.9%</u>

Net position increased from governmental activities in fiscal year 2019 approximately \$16.0 million and increased \$19.7 million in fiscal year 2018. The increase is primarily from increased resort and sales taxes. Expenses for governmental activities increased \$2.7 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, 2019**

Net position increased \$5.6 million in fiscal year 2019 and increased \$5.4 million in 2018 for business-type activities. The revenues for business-type activities increased \$4.0 million mostly due to an increase in capital grants and contributions. Expenses for business-type activities increased \$3.8 million. The reasons for this increase are discussed in the following section for business-type activities.

**Revenues** – For the year ended June 30, 2019, the City’s government-wide total revenues are approximately \$107.4 million as compared to the prior year total revenues of \$104.4 million.

Key elements of this change were as follows:

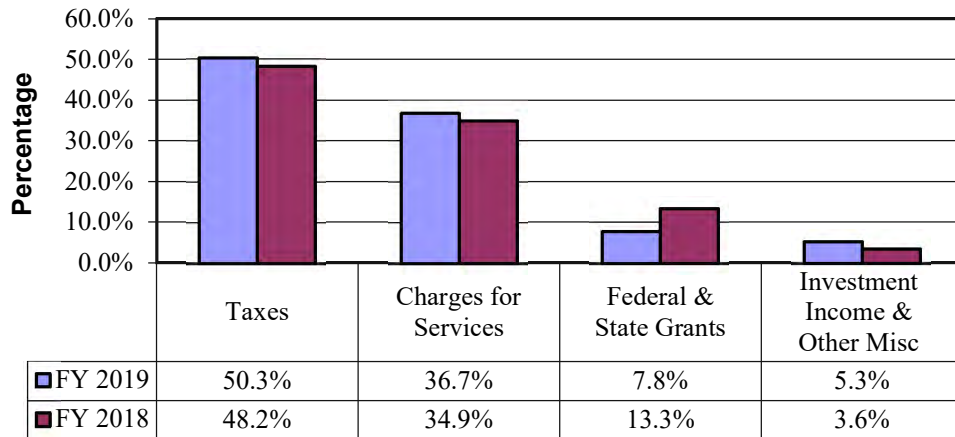
- Of the City’s total revenues, approximately 50.2 percent in fiscal year 2019 and 48.2 percent in fiscal year 2018 resulted from taxes, of which the majority was from general sales and use taxes and resort taxes as shown in the following table:

	<b>Tax Revenues</b>		<b>Total % Change</b>
	<b>2019</b>	<b>2018</b>	
Property tax, levied for general purposes	\$ 15.5	\$ 14.7	5.44%
Property tax, levied for debt service	6.0	6.4	-6.25%
General sales and use tax	12.5	11.5	8.70%
Franchise tax	3.2	3.1	3.23%
Resort tax	16.7	14.5	15.17%
Total	\$ 53.9	\$ 50.2	7.37%

- Charges for services increased in fiscal year 2019 approximately \$2.9 million and increased from 34.9 percent of total revenues in fiscal year 2018 to 36.7 percent in fiscal year 2019. The \$2.9 million increase was primarily due to an increase in water fees, stormwater fees, transportation and parking fees, and increased licensing and permit fees.
- Operating and capital contributions and grants decreased to 7.8 percent of total revenues in fiscal year 2019 as compared to 13.3 percent in fiscal year 2018. This was a result of a decrease in capital grants in governmental activities.
- 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 to 5.3 percent of total revenues in fiscal year 2019 from 3.6 percent in fiscal year 2018. The \$1.9 million increase was due to an increase in investment earnings in fiscal year 2019.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

**Government-Wide Revenues by Source**  
**June 30, 2019 and 2018**



**Expenses** – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2019, the City’s total expenses are \$85.8 million compared to the prior year of \$79.3 million. Of the \$6.5 million increase, general government expenses increased \$2.0 million, primarily due to an increase in debt service, public safety remained the same, public works decreased \$0.3 million, library and recreation remained the same and interest on long-term debt increased \$1.0 million. Business-type activities increased \$3.8 million, primarily due to an increase in salaries and benefits.

**Governmental Activities:**

The City’s governmental activities increased net position by \$16.0 million. Key elements of this increase were as follows:

*Revenue Highlights:*

- Taxes comprise the largest source of revenue for the City’s governmental activities: Approximately \$47.9 million or 77.2 percent in fiscal year 2019 and \$44.6 million or 70.8 percent in fiscal year 2018 of total revenues from governmental activities. The \$3.3 million increase is the combination of the increased receipts of sales, resort and property taxes. Of total taxes, real property taxes are approximately \$21.5 million (44.9 percent) in fiscal year 2019 and \$21.1 million (47.3 percent) in fiscal year 2018.
- Charges for services increased to \$7.0 million or 11.3 percent of total revenues in fiscal year 2019 from \$6.3 million or 10.0 percent of total revenues in fiscal year 2018. The increase in 2019 was a result of increased licensing and permit fees and recreational activity fees.
- Grant and contribution revenue represents approximately \$1.8 million or 2.9 percent in fiscal year 2019 and \$9.2 million or 14.6 percent in fiscal year 2018 of total revenues. The \$7.4 million decrease was the result of a significant prior fiscal year capital grants and contributions

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

for the purchase of the Mine Bench and Marsac 100 properties, no such contributions were made in the current fiscal year.

*Expense Highlights:*

- General government expenses of \$23.8 million in fiscal year 2019 and \$21.8 million in fiscal year 2018 represented 50.8 percent in fiscal year 2019 and 49.5 percent in fiscal year 2018 of total expenses from governmental activities. 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 \$6.7 million or 14.4 percent in fiscal year 2019 and \$6.7 million or 15.3 percent in fiscal year 2018 of total expenses from government activities.
- Public Works expenses were \$6.9 million or 14.8 percent in fiscal year 2019 and \$7.2 million or 16.4 percent in fiscal year 2018 of total expenses from government activities.
- Library and Recreation expenses were \$5.7 million or 12.3 percent in fiscal year 2019 and \$5.7 million or 13.0 percent in fiscal year 2018 of total expenses from government activities.

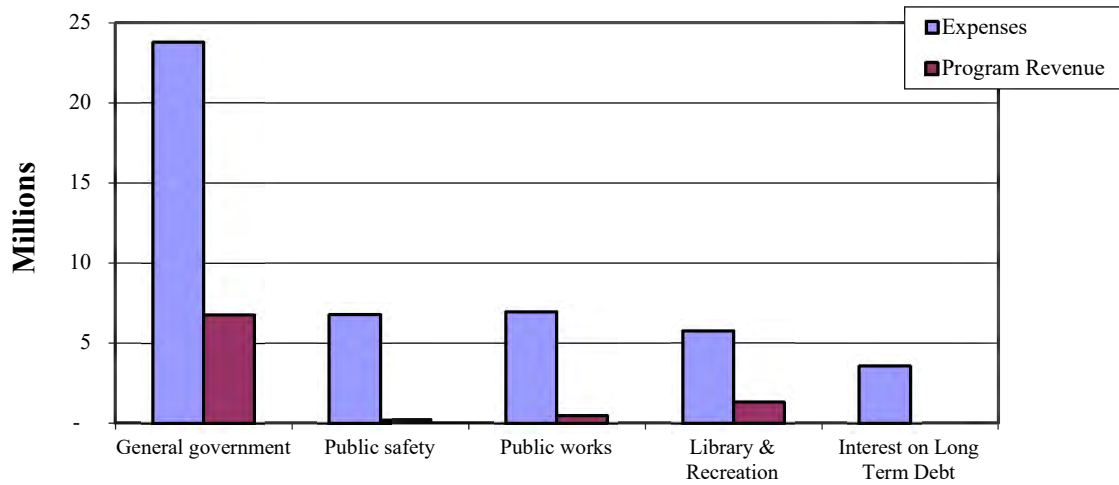
As a result, total net expenses that were funded by general revenues were \$37.9 million. Tax revenues of \$47.9 million were sufficient to fund net expenses in fiscal year 2019.

The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

<b>Park City Municipal Corporation</b>					
<b>Costs of Governmental Activities</b>					
<b>(in millions of dollars)</b>					
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>		<u>Total % Change</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
General government	\$ 23.8	\$ 21.8	\$ 17.0	\$ 8.5	100.0%
Public safety	6.7	6.7	6.5	6.6	-1.5%
Public works	6.9	7.2	6.4	6.6	-3.0%
Library and recreation	5.7	5.7	4.4	4.3	2.3%
Interest on long term debt	3.6	2.6	3.6	2.5	44.0%
<b>Total</b>	<u>\$ 46.7</u>	<u>\$ 44.0</u>	<u>\$ 37.9</u>	<u>\$ 28.5</u>	<u>33.0%</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
June 30, 2019**

**Expense and Program Revenue-Governmental Activities\*  
Fiscal Year 2019**



\*See page 23

**Business-type Activities:**

The City's business-type activities increased net position by \$5.6 million. Key elements of this increase were as follows:

*Revenue Highlights:*

- Charges for services for business-type activities increased approximately \$2.2 million in fiscal year 2019 primarily due to transportation and parking fees.
- Operating and capital grants and contributions increased approximately \$1.8 million from fiscal year 2018 to fiscal year 2019. The increase was primarily due to an increase in capital grants received in fiscal year 2019.
- Combined general sales and use tax and transit resort tax increased approximately \$0.5 million from fiscal year 2018 to fiscal year 2019. The increase in fiscal year 2019 is primarily attributable to a 0.25 percent increase to the transit tax in 2019.

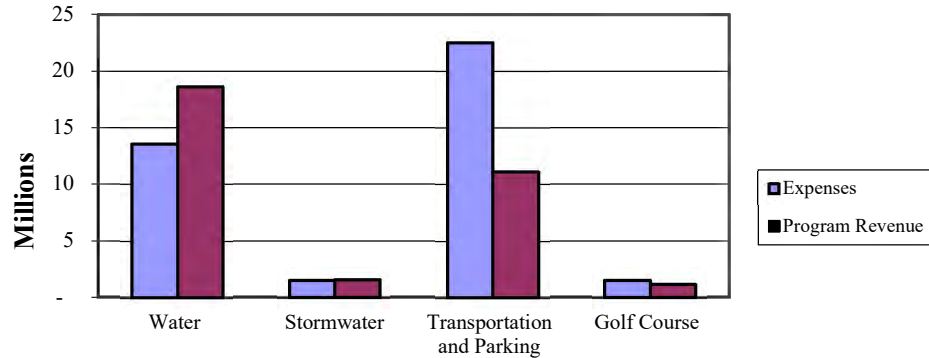
*Expense Highlights:*

- Salaries and benefits increased by \$2.3 million in 2019. The Transportation and Parking Fund accounted for \$1.8 million of the increase, which was due to an increase in the number of full-time benefited and part-time positions. The Storm Water Fund accounted for \$0.5 million of the increase, which was due to an increase in the number of full-time benefited and part-time positions.

**PARK CITY MUNICIPAL CORPORATION, UTAH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued  
June 30, 2019**

- Supplies, maintenance and services increased by \$0.5 million in fiscal year 2019, which consisted of a \$0.9 million increase in parking system software subscriptions and a \$0.4 million decrease in capital improvement projects.
- Energy and utilities decreased \$0.3 million in fiscal year 2019.

**Business-Type Funds - Program Revenues and Expenses\***



\*See Page 23

**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 45.

As of June 30, 2019, the aggregate fund balance of the City's governmental funds was \$91.8 million, an increase of \$28.7 million in comparison with the fiscal year ended June 30, 2018. In fiscal year 2019, approximately \$8.7 million or 9.5 percent of this amount is in unassigned fund balance. Unassigned fund balance category is available for appropriation by the City Council at their discretion.

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to remain intact. Nonspendable fund balance is approximately \$0.6 million in fiscal year 2019 and \$0.1 million in fiscal year 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is approximately \$32.4 million in fiscal year 2019 and \$12.9 million in fiscal year 2018. 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 \$50.1 million is committed. Of the \$50.1 million committed fund balance, \$45.5 million is committed to capital projects, \$2.1 million is committed to debt service and \$2.5 million is committed to economic development. In fiscal year 2018 committed fund balance was approximately \$42.4 million and 38.9 million was committed to capital projects, \$1.9 million to debt service, and \$1.6 million to economic development.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,760,133) and a 25.0 percent maximum (\$8,800,665) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2019 the unassigned fund balance of the General Fund was \$8,705,419 and was \$95,246 below the 25.0 percent limit. The unassigned fund balance increased by \$975,186 in 2019. The unassigned fund balance in fiscal year 2018 increased \$232,956.

As of June 30, 2019, the restricted fund balance in the Capital Improvements Fund was \$7.1 million and the committed fund balance was \$40.5 million. In fiscal year 2018 the restricted fund balance was \$6.6 million and the committed fund balance was \$34.3 million. The \$6.2 million increase in committed fund balances resulted from a significant increase in debt issuance offset by capital outlay.

**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 approximately \$128.4 million at June 30, 2019, as compared to \$122.7 million at the end of fiscal year 2018. Net position at the end of fiscal year 2019 and 2018 for each of these funds were:

<b>Park City Municipal Corporation</b>			
<b>Proprietary Funds</b>			
<b>Fund</b>	<b>Amount</b>		<b>Change</b>
	<b><u>2019</u></b>	<b><u>2018</u></b>	
Water	\$ 68,359,651	\$ 62,169,461	\$ 6,190,190
Stormwater	8,550,597	8,429,678	120,919
Transportation and parking	48,611,174	49,239,872	(628,698)
Golf course	2,892,126	2,866,893	25,233
Total	\$ 128,413,548	\$ 122,705,904	\$ 5,707,644

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

The net increase in net position from the prior year was \$5.7 million as compared to an increase of \$5.1 million in fiscal year 2018. Operating revenues increased \$2.2 million as compared to an increase of \$5.6 million in fiscal year 2018. The Transportation and Parking Fund operating revenues increased \$1.2 million attributable to increases in parking meter and regional transit revenue. The Water and Stormwater Fund operating revenues increased \$1.0 million, collectively due to an increase in fees. The Golf Fund operating revenues remained flat.

Water Fund net investment in capital assets increased by \$7.1 million and unrestricted net position decreased by \$1.0 million resulting in a net increase of total net position of \$6.1 million. The increase in net investment in capital assets was due to the net of acquisition of capital assets, repayment of related debt, and depreciation expense.

Stormwater Fund net investment in capital assets decreased by \$0.1 million, restricted net position remained the same and unrestricted net position increased by \$0.3 million resulting in a net increase of total net position of \$0.2 million. The increase was due to an increase in fees.

Transportation and Parking Fund net investment in capital assets increased by \$2.5 million in fiscal year 2019 primarily due to the purchase of five new electric buses. Unrestricted net position decreased \$3.1 million resulting in a net decrease of total net position of \$0.6 million.

Golf Fund net investment in capital assets decreased by \$0.2 million. The decrease was due to regular depreciation expense. Unrestricted net position increased \$0.2 million resulting in a total net position that remained the same.

**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 \$0.6 million (net increase) can be briefly summarized as follows:

- \$0.3 million increase in appropriations for general government was due to salaries and benefits including lump merit awards and vacancy factor allocations.
- \$0.3 million increase in public safety for parts and maintenance supplies.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

Total actual expenditures came in \$2.0 million 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 \$1.3 million more than the actual expenditures in general government. \$0.6 million of the variance is attributable to salaries and benefits, and \$0.7 million is attributable to parts and maintenance supplies.
- The final budget in public safety was \$0.5 million more than actual expenditures. \$0.1 million is attributable to salaries and benefits, and \$0.4 million of the variance is attributable to parts and maintenance supplies.
- The final budget was \$0.1 million more than actual expenditures in public works. The variance is attributable to salaries and benefits.
- The final budget was \$0.1 million more than actual expenditures in library and recreation. The variance is attributable to parts and maintenance supplies.

Actual revenues of \$35.2 million were \$1.6 million less than the budgeted revenues of \$36.8 million. See Note L-Budget Reconciliation on page 80 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 \$481.5 million (net of \$218.1 million accumulated depreciation) at June 30, 2019, as compared to \$412.7 million (net of \$206.7 million accumulated depreciation) at June 30, 2018. This investment in capital assets includes land and water rights, buildings, improvements other than buildings, vehicles and equipment, art, intangibles, infrastructure and construction in progress.

Major capital asset additions during the year ended June 30, 2019 included:

*Governmental Activities:*

- \$4.1 million for Woodside Affordable housing project
- \$1.8 million for four parcels at 1302 Norfolk Ave.

*Business-type Activities:*

- \$4.6 million for Three Kings Water Treatment Plant
- \$3.7 million for five electric buses
- \$1.6 million for Golf Maintenance Building



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

**Park City Municipal Corporation**  
**Capital Assets**  
**(net of accumulated depreciation, in millions of dollars)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
Land and water rights	\$ 242.1	\$ 177.9	\$ 22.2	\$ 22.2	\$ 264.3	\$ 200.1	32.1%
Infrastructure	116.4	114.6	-	-	116.4	114.6	1.6%
Buildings	47.3	45.3	26.2	23.1	73.5	68.4	7.5%
Art	0.8	0.7	0.1	0.1	0.9	0.8	12.5%
Improvements other than buildings	41.7	41.4	112.6	111.4	154.3	152.8	1.0%
Vehicles and equipment	14.4	13.4	36.9	32.6	51.3	46.0	11.5%
Construction in progress	12.3	13.8	17.7	14.2	30.0	28.0	7.1%
Intangibles	8.8	8.6	0.1	0.1	8.9	8.7	2.3%
Accumulated depreciation	<u>(142.2)</u>	<u>(136.6)</u>	<u>(75.9)</u>	<u>(70.1)</u>	<u>(218.1)</u>	<u>(206.7)</u>	<u>5.5%</u>
Total Assets	<u>\$ 341.6</u>	<u>\$ 279.1</u>	<u>\$ 139.9</u>	<u>\$ 133.6</u>	<u>\$ 481.5</u>	<u>\$ 412.7</u>	<u>16.7%</u>

Additional information on the City's capital assets can be found in Note D-Capital Assets on pages 53-54 of this report.

**Long-term Debt:** At June 30, 2019, the City had \$202.1 million in bonds, an increase of 52.3 percent from fiscal year 2018. Of this amount \$91.6 million 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 \$110.5 million.

The City's general obligation bonds 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 and 2014 Water Revenue Bonds are rated Aa2 by Moody's and AA by Standard and Poor's. The City's long-term obligations for the fiscal years 2019 and 2018 were as follows:

**Park City Municipal Corporation**  
**Debt Outstanding**  
**(in millions of dollars)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
General obligation bonds	\$ 91.6	\$ 45.3	\$ -	\$ -	\$ 91.6	\$ 45.3	102.2%
Revenue bonds	78.6	52.0	31.9	35.4	110.5	87.4	26.4%
Total debt	<u>\$ 170.2</u>	<u>\$ 97.3</u>	<u>\$ 31.9</u>	<u>\$ 35.4</u>	<u>\$ 202.1</u>	<u>\$ 132.7</u>	<u>52.3%</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2019**

The State of Utah mandates a general obligation debt limit of 4.0 percent of total assessed value of \$9,327,209,835. The current limitation for the City is \$373,088,393 which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$82,340,000 or 0.9 percent of total assessed value, leaving the amount available for future indebtedness at \$290,748,393. See Schedule 17 on page 123 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 55-65 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 2.7 percent compared with the State unemployment rate of 2.8 percent, and a national rate of 3.7 percent. This compares with a rate of 2.9 percent for Summit County in 2018. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2020 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 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 no significant changes in the local economy. 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 2020 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 13.0 percent increase to the irrigation base rate. The energy surcharge remained flat at \$0.55 per 1,000 gallons from prior year. In the Stormwater Fund the Equivalent Surface Unit (ESU) charge increased 3.0 percent, a \$0.18 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**

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**Park City Municipal Corporation**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 61,639,465	\$ 7,129,242	\$ 68,768,707
Restricted cash and cash equivalents, fiscal agent	25,157,630	5,237,136	30,394,766
Restricted cash, cash equivalents and investments, other	7,194,635	-	7,194,635
Taxes	27,561,565	617,724	28,179,289
Accounts	881,074	10,598,863	11,479,937
Notes	749,970	-	749,970
Inventories	247,748	616,976	864,724
Prepays	494,360	661,642	1,156,002
Internal balances	(27,968)	27,968	-
Total current assets	<u>123,898,479</u>	<u>24,889,551</u>	<u>148,788,030</u>
Noncurrent assets:			
Notes	18,386	-	18,386
Prepays	-	1,426,701	1,426,701
Land and water rights	242,115,989	22,245,188	264,361,177
Construction in progress	12,273,993	17,743,555	30,017,548
Art	780,119	109,214	889,333
Buildings	31,029,409	18,394,756	49,424,165
Improvements other than buildings	18,853,264	60,912,419	79,765,683
Vehicles and equipment	5,174,173	20,516,805	25,690,978
Infrastructure	22,956,314	-	22,956,314
Intangibles	8,465,753	20,295	8,486,048
Total noncurrent assets	<u>341,667,400</u>	<u>141,368,933</u>	<u>483,036,333</u>
Total assets	<u>465,565,879</u>	<u>166,258,484</u>	<u>631,824,363</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	5,204,131	2,230,525	7,434,656
Total deferred outflows of resources	<u>5,204,131</u>	<u>2,230,525</u>	<u>7,434,656</u>
Total assets and deferred outflows of resources	<u>470,770,010</u>	<u>168,489,009</u>	<u>639,259,019</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,581,031	3,385,187	5,966,218
Accrued liabilities	3,933,927	287,135	4,221,062
Compensated absences	649,558	264,096	913,654
General obligation bonds	5,910,000	-	5,910,000
Revenue bonds	4,625,000	3,410,000	8,035,000
Total current liabilities	<u>17,699,516</u>	<u>7,346,418</u>	<u>25,045,934</u>
Noncurrent liabilities:			
Compensated absences	205,652	107,752	313,404
General obligation bonds	85,722,655	-	85,722,655
Revenue bonds	73,980,090	28,496,489	102,476,579
Net pension liability	10,651,769	3,916,257	14,568,026
Total noncurrent liabilities	<u>170,560,166</u>	<u>32,520,498</u>	<u>203,080,664</u>
Total liabilities	<u>188,259,682</u>	<u>39,866,916</u>	<u>228,126,598</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	23,863,826	-	23,863,826
Deferred gain on refunding	500,262	-	500,262
Deferred inflows of resources related to pensions	389,629	124,816	514,445
Total deferred inflows of resources	<u>24,753,717</u>	<u>124,816</u>	<u>24,878,533</u>
Total liabilities and deferred inflows of resources	<u>213,013,399</u>	<u>39,991,732</u>	<u>253,005,131</u>
<b>NET POSITION</b>			
Net investment in capital assets	200,327,763	113,503,024	313,830,787
Restricted for:			
Capital Projects	7,194,635	-	7,194,635
Other	58,940	-	58,940
Unrestricted	50,175,273	14,994,253	65,169,526
Total net position	<u>\$ 257,756,611</u>	<u>\$ 128,497,277</u>	<u>\$ 386,253,888</u>

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, 2019**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 23,755,044	\$ 15,000	\$ 1,096,250	\$ (16,996,608)	\$ -	\$ (16,996,608)
Public safety	6,747,797	10	48,524	(6,531,558)	-	(6,531,558)
Public works	6,929,871	129,171	357,940	(6,442,760)	-	(6,442,760)
Library and recreation	5,729,844	1,203,836	106,252	(4,406,919)	-	(4,406,919)
Interest on long-term debt	3,558,591	-	-	(3,558,591)	-	(3,558,591)
Total governmental activities	46,721,147	6,980,203	1,608,966	(37,936,436)	-	(37,936,436)
Business-type activities:						
Golf Course Fund	1,488,121	1,131,283	60,000	-	(296,838)	(296,838)
Stormwater Fund	1,470,837	1,572,044	-	-	101,207	101,207
Transportation and Parking Fund	22,521,490	11,113,961	4,376,198	-	(7,031,331)	(7,031,331)
Water Fund	13,578,235	18,606,759	2,088,783	-	7,117,307	7,117,307
Total business-type activities	39,058,683	32,424,047	6,524,981	-	(109,655)	(109,655)
Total primary government	\$ 85,779,830	\$ 39,404,250	\$ 8,133,947	\$ (37,936,436)	\$ (109,655)	\$ (38,046,091)
General revenues:						
Property tax, levied for general purposes				15,499,965	-	15,499,965
Property tax, levied for debt service				6,036,374	-	6,036,374
General sales and use tax				6,403,710	6,128,331	12,532,041
Franchise tax				3,230,881	-	3,230,881
Resort tax				16,741,000	-	16,741,000
Investment earnings				2,297,088	581,900	2,878,988
Miscellaneous				2,963,178	468,998	3,432,176
Gain/(loss) on sale of capital assets				74,891	(716,121)	(641,230)
Transfers				715,000	(715,000)	-
Total general revenues, special items, and transfers				53,962,087	5,748,108	59,710,195
Change in net position				16,025,651	5,638,453	21,664,104
Net position - beginning				241,730,960	122,858,824	364,589,784
Net position - ending				\$ 257,756,611	\$ 128,497,277	\$ 386,253,888

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.*, police, 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 Bond 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 the 2008, 2009, 2010B, 2013A, 2014, 2017 and 2019 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, 2019**

	General Fund	Capital Improvements Fund	Sales Tax Revenue and Refunding Bonds Debt Service Fund	General Obligation Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 8,824,487	\$ 40,387,119	\$ 603,823	\$ 1,526,206	\$ 7,531,362	\$ 58,872,997
Restricted cash, cash equivalents and investments, fiscal agent	-	-	25,146,087	11,543	-	25,157,630
Restricted cash, cash equivalents and investments, other	-	7,194,635	-	-	-	7,194,635
Taxes	12,059,796	667,392	-	9,279,385	4,499,773	26,506,346
Accounts	146,657	593,428	-	-	1,289	741,374
Notes	-	768,356	-	-	-	768,356
Interfund loan	55,761	-	-	-	-	55,761
Other assets	30,226	-	-	-	-	30,226
Prepays	494,360	-	-	-	-	494,360
Total assets	\$ 21,611,287	\$ 49,610,930	\$ 25,749,910	\$ 10,817,134	\$ 12,032,424	\$ 119,821,685
<b>LIABILITIES</b>						
Accounts payable	\$ 988,450	\$ 1,165,909	\$ -	\$ 999	\$ 49,123	\$ 2,204,481
Accrued liabilities	1,129,718	-	-	-	-	1,129,718
Total liabilities	2,118,168	1,165,909	-	999	49,123	3,334,199
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property tax	10,092,652	-	-	9,279,385	4,491,789	23,863,826
Unavailable revenue-notes	55,761	768,356	-	-	-	824,117
Total deferred inflow of resources	10,148,413	768,356	-	9,279,385	4,491,789	24,687,943
Total liabilities and deferred inflows of resources	12,266,581	1,934,265	-	9,280,384	4,540,912	28,022,142
<b>FUND BALANCES</b>						
Nonspendable						
Deposits	494,360	-	-	-	-	494,360
Interfund loan	55,761	-	-	-	-	55,761
Inventory	30,226	-	-	-	-	30,226
Restricted						
Capital projects	-	7,194,635	24,504,653	-	-	31,699,288
Debt service	-	-	641,434	11,543	-	652,977
Drug and tobacco enforcement	58,940	-	-	-	-	58,940
Committed						
Capital projects funds	-	40,482,030	-	-	4,974,305	45,456,335
Debt service funds	-	-	603,823	1,525,207	-	2,129,030
Economic development	-	-	-	-	2,517,207	2,517,207
Unassigned	8,705,419	-	-	-	-	8,705,419
Total fund balances	\$ 9,344,706	\$ 47,676,665	\$ 25,749,910	\$ 1,536,750	\$ 7,491,512	\$ 91,799,543
Total liabilities and fund balances	\$ 21,611,287	\$ 49,610,930	\$ 25,749,910	\$ 10,817,134	\$ 12,032,424	\$ 119,821,685

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

**Park City Municipal Corporation  
Reconciliation of Balance Sheet  
To the Statement of Net Position  
June 30, 2019**

Fund balances of governmental funds		\$91,799,543
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		341,649,014
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:		
Taxes receivable	\$1,055,219	
Interest receivable	34,328	
		1,089,547
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		2,146,599
Certain items not accounted for as unavailable under accrual accounting.		658,022
Pollution remediation liability not reported in the funds.		(1,272,000)
Long-term 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. Long-term liabilities at year-end consist of:		
Compensated absences	(789,792)	
Revenue bonds	(71,550,000)	
General obligation bonds	(82,340,000)	
Deferred bond premiums and discounts	(16,347,745)	
Deferred gain on debt refunding	(500,262)	
Accrued interest on the bonds	(1,346,390)	
Net pension liability	(9,964,206)	
		(182,838,395)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	4,903,754	
Deferred inflows of resources related to pensions	(379,473)	
		4,524,281
Net position of governmental activities		\$257,756,611

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, 2019**

	General Fund	Capital Improvements Fund	Sales Tax Revenue and Refunding Bonds Debt Service Fund	General Obligation Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes and special assessments	\$ 26,658,241	\$ 11,017,088	\$ -	\$ 6,036,374	\$ 927,352	\$ 44,639,055
Licenses and permits	3,899,003	-	-	-	-	3,899,003
Intergovernmental	232,216	1,009,043	-	-	3,104,614	4,345,873
Charges for services	2,837,729	-	-	-	-	2,837,729
Fines and forfeitures	23,108	-	-	-	-	23,108
Investment income	530,733	1,276,689	341,062	2,575	146,030	2,297,089
Impact fees	-	620,441	-	-	-	620,441
Rental and other	172,703	3,500	-	-	-	176,203
Miscellaneous	848,928	426,527	-	48,857	-	1,324,312
Total revenues	<u>35,202,661</u>	<u>14,353,288</u>	<u>341,062</u>	<u>6,087,806</u>	<u>4,177,996</u>	<u>60,162,813</u>
<b>EXPENDITURES</b>						
Current:						
General government	16,175,897	-	-	-	-	16,175,897
Public safety	6,360,284	-	-	-	-	6,360,284
Public works	5,935,423	-	-	-	-	5,935,423
Library and recreation	4,367,960	-	-	-	-	4,367,960
Economic development	-	-	-	-	878,578	878,578
Debt service:						
Interest	-	-	2,110,324	1,635,254	-	3,745,578
Principal retirement	-	-	3,240,000	8,340,000	-	11,580,000
Bond issuance costs	-	-	259,074	270,383	-	529,457
Capital outlay	-	68,571,349	-	-	1,562,155	70,133,504
Total expenditures	<u>32,839,564</u>	<u>68,571,349</u>	<u>5,609,398</u>	<u>10,245,637</u>	<u>2,440,733</u>	<u>119,706,681</u>
Excess (deficiency) of revenues over expenditures	<u>2,363,097</u>	<u>(54,218,061)</u>	<u>(5,268,336)</u>	<u>(4,157,831)</u>	<u>1,737,263</u>	<u>(59,543,868)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issuance	-	-	26,775,000	44,000,000	-	70,775,000
Refunding bonds issued	-	-	-	4,290,000	-	4,290,000
Premium on debt issuance	-	-	3,495,522	6,344,605	-	9,840,127
Premium on refunding bonds	-	-	-	482,659	-	482,659
Sale of capital assets	-	166,791	-	-	74,891	241,682
Transfers in	2,673,664	64,444,555	5,344,141	-	3,372,825	75,835,185
Transfers out	(3,617,445)	(3,669,062)	(11,993,364)	(50,094,149)	(3,812,501)	(73,186,521)
Total other financing sources (uses)	<u>(943,781)</u>	<u>60,942,284</u>	<u>23,621,299</u>	<u>5,023,115</u>	<u>(364,785)</u>	<u>88,278,132</u>
Net change in fund balances	1,419,316	6,724,223	18,352,963	865,284	1,372,478	28,734,264
Fund balances - beginning	7,923,390	40,952,442	7,396,947	671,466	6,119,034	63,065,279
Fund balances - ending	<u>\$ 9,344,706</u>	<u>\$ 47,676,665</u>	<u>\$ 25,749,910</u>	<u>\$ 1,536,750</u>	<u>\$ 7,491,512</u>	<u>\$ 91,799,543</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 to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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Net change in fund balances - total governmental funds		\$28,734,264
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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	\$67,788,292	
Depreciation expense	<u>(5,789,054)</u>	
		61,999,238

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.		(52,542)
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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:

Donated capital assets	563,250	
Taxes receivable	192,161	
Interest receivable	1,236	
Unavailable revenue	<u>(701,953)</u>	
		54,694

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	(75,065,000)	
Principal repayments of long-term debt	11,580,000	
Capitalization of premiums and discounts	(10,322,786)	
Amortization of bond premiums and discounts	949,761	
Capitalization of deferred inflows-gain on debt refunding	<u>(385,000)</u>	
		(73,243,025)

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.		(750,737)
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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	(3,404,775)	
Actuarial calculated pension expense	<u>2,431,291</u>	
		(973,484)

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 \$188,052 less amount allocated to business-type activities of \$83,729 and reversal of prior year allocation of (\$152,920).		257,243
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Change in net position of governmental activities		<u><u>\$16,025,651</u></u>
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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 Balances – Budget and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$ 28,369,134	\$ 28,764,165	\$ 26,658,241	\$ (2,105,924)
Licenses and permits	3,461,000	3,565,000	3,899,003	334,003
Intergovernmental	182,000	189,955	232,216	42,261
Charges for services	3,007,000	3,425,881	2,837,729	(588,152)
Fines and forfeitures	29,000	21,000	23,108	2,108
Investment income	140,000	120,000	530,733	410,733
Rental and other	85,000	66,000	172,703	106,703
Miscellaneous	704,000	636,000	848,928	212,928
Total revenues	<u>35,977,134</u>	<u>36,788,001</u>	<u>35,202,661</u>	<u>(1,585,340)</u>
<b>EXPENDITURES</b>				
General government	17,048,202	17,509,543	16,175,897	1,333,646
Public safety	6,686,529	6,857,197	6,360,284	496,913
Public works	6,034,494	6,098,117	5,935,423	162,694
Library and recreation	4,546,439	4,438,359	4,367,960	70,399
Total expenditures	<u>34,315,664</u>	<u>34,903,216</u>	<u>32,839,564</u>	<u>2,063,652</u>
Excess of revenues over expenditures	<u>1,661,470</u>	<u>1,884,785</u>	<u>2,363,097</u>	<u>478,312</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,673,663	2,673,664	2,673,664	-
Transfers out	(3,617,445)	(3,617,445)	(3,617,445)	-
Total other financing sources (uses)	<u>(943,782)</u>	<u>(943,781)</u>	<u>(943,781)</u>	<u>-</u>
Net change in fund balances	717,688	941,004	1,419,316	478,312
Fund balances - beginning	8,304,966	6,930,647	7,925,390	994,743
Fund balances - ending	<u>\$ 9,022,654</u>	<u>\$ 7,871,651</u>	<u>\$ 9,344,706</u>	<u>\$ 1,473,055</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.

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

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

**Park City Municipal Corporation**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-type Activities				Governmental Activities	
	Water Fund	Stormwater Fund	Golf Course Fund	Transportation and Parking Fund	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash, cash equivalents and investments	\$ 4,876,235	\$ 958,797	\$ 729,636	\$ 564,574	\$ 7,129,242	\$ 2,766,468
Restricted cash, cash equivalents and investments, fiscal agent	5,237,136	-	-	-	5,237,136	-
Accounts receivable	2,265,109	158,949	12,561	8,162,244	10,598,863	97,583
Taxes receivable	-	-	-	617,724	617,724	-
Inventories	373,451	-	108,920	134,605	616,976	217,522
Prepays	-	-	-	661,642	661,642	-
Total current assets	<u>12,751,931</u>	<u>1,117,746</u>	<u>851,117</u>	<u>10,140,789</u>	<u>24,861,583</u>	<u>3,081,573</u>
Noncurrent assets:						
Prepays	-	-	-	1,426,701	1,426,701	-
Land and water rights	17,693,588	-	828,451	3,723,149	22,245,188	-
Buildings	3,660,682	-	1,671,486	20,909,160	26,241,328	-
Improvements other than buildings	87,825,861	15,410,295	1,728,630	7,617,521	112,582,307	-
Art	-	-	-	109,214	109,214	-
Vehicles and equipment	10,439,005	428,030	1,538,059	24,486,496	36,891,590	47,450
Construction in progress	16,482,252	-	-	1,261,303	17,743,555	-
Intangible	27,810	-	-	58,645	86,455	-
Accumulated depreciation and amortization	(45,169,709)	(8,006,690)	(3,458,857)	(19,322,149)	(75,957,405)	(47,450)
Total noncurrent assets	<u>90,959,489</u>	<u>7,831,635</u>	<u>2,307,769</u>	<u>40,270,040</u>	<u>141,368,933</u>	<u>-</u>
Total assets	<u>103,711,420</u>	<u>8,949,381</u>	<u>3,158,886</u>	<u>50,410,829</u>	<u>166,230,516</u>	<u>3,081,573</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources related to pensions	652,830	271,352	79,535	1,226,808	2,230,525	300,377
Total deferred outflows of resources	<u>652,830</u>	<u>271,352</u>	<u>79,535</u>	<u>1,226,808</u>	<u>2,230,525</u>	<u>300,377</u>
Total assets and deferred outflows of resources	<u>\$104,364,250</u>	<u>\$ 9,220,733</u>	<u>\$ 3,238,421</u>	<u>\$ 51,637,637</u>	<u>\$168,461,041</u>	<u>\$ 3,381,950</u>
<b>LIABILITIES</b>						
Current liabilities:						
Interfund loan	-	-	31,654	-	31,654	-
Accounts payable	2,530,993	12,115	92,727	749,352	3,385,187	376,551
Accrued liabilities	150,652	12,559	24,917	99,007	287,135	11,934
Revenue bonds	3,410,000	-	-	-	3,410,000	-
Compensated absences	87,071	15,635	9,562	151,828	264,096	49,687
Total current liabilities	<u>6,178,716</u>	<u>40,309</u>	<u>158,860</u>	<u>1,000,187</u>	<u>7,378,072</u>	<u>438,172</u>
Noncurrent liabilities:						
Interfund loan	-	-	24,107	-	24,107	-
Revenue bonds	28,496,489	-	-	-	28,496,489	-
Net pension liability	1,276,606	602,402	146,328	1,890,921	3,916,257	687,563
Compensated absences	16,780	17,651	12,226	61,095	107,752	15,731
Total noncurrent liabilities	<u>29,789,875</u>	<u>620,053</u>	<u>182,661</u>	<u>1,952,016</u>	<u>32,544,605</u>	<u>703,294</u>
Total liabilities	<u>35,968,591</u>	<u>660,362</u>	<u>341,521</u>	<u>2,952,203</u>	<u>39,922,677</u>	<u>1,141,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources related to pensions	36,008	9,774	4,774	74,260	124,816	10,156
Total deferred inflows of resources	<u>36,008</u>	<u>9,774</u>	<u>4,774</u>	<u>74,260</u>	<u>124,816</u>	<u>10,156</u>
Total liabilities and deferred inflows of resources	<u>36,004,599</u>	<u>670,136</u>	<u>346,295</u>	<u>3,026,463</u>	<u>40,047,493</u>	<u>1,151,622</u>
<b>NET POSITION</b>						
Net investment in capital assets	64,520,282	7,831,635	2,307,770	38,843,337	113,503,024	-
Unrestricted	3,839,369	718,962	584,356	9,767,837	14,910,524	2,230,328
Total net position	<u>\$ 68,359,651</u>	<u>\$ 8,550,597</u>	<u>\$ 2,892,126</u>	<u>\$ 48,611,174</u>	<u>\$128,413,548</u>	<u>\$ 2,230,328</u>

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

**Park City Municipal Corporation**  
**Reconciliation of Proprietary Funds Net Position**  
**To the Government-wide Statement of Net Position**  
**June 30, 2019**

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Net Position of proprietary funds	\$128,413,548
Amounts reported for proprietary funds in the statement of net position are different because:	
Certain internal service fund assets and liabilities included with business-type activities.	83,729
	<hr/>
Net position of business-type activities	<u><u>\$128,497,277</u></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, 2019**

	Business-type Activities				Governmental Activities	
	Water Fund	Stormwater Fund	Golf Course Fund	Transportation and Parking Fund	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 18,606,759	\$ 1,572,044	\$ 1,131,283	\$ 11,113,961	\$ 32,424,047	\$ 4,261,216
Miscellaneous	-	-	302,014	-	302,014	-
Total operating revenues	<u>18,606,759</u>	<u>1,572,044</u>	<u>1,433,297</u>	<u>11,113,961</u>	<u>32,726,061</u>	<u>4,261,216</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	2,950,635	1,071,048	713,110	10,365,571	15,100,364	1,105,619
Supplies, maintenance and services	4,372,840	117,184	403,566	7,025,551	11,919,141	1,879,130
Energy and utilities	986,418	53,631	68,535	1,166,673	2,275,257	1,088,415
Depreciation and amortization	3,494,887	155,839	222,469	2,889,259	6,762,454	-
Total operating expenses	<u>11,804,780</u>	<u>1,397,702</u>	<u>1,407,680</u>	<u>21,447,054</u>	<u>36,057,216</u>	<u>4,073,164</u>
Operating income (loss)	<u>6,801,979</u>	<u>174,342</u>	<u>25,617</u>	<u>(10,333,093)</u>	<u>(3,331,155)</u>	<u>188,052</u>
<b>NONOPERATING REVENUES</b>						
<b>(EXPENSES)</b>						
Taxes and special assessments	-	-	-	6,128,331	6,128,331	-
Intergovernmental	-	-	60,000	-	60,000	-
Investment income	371,806	21,577	21,933	166,584	581,900	-
Miscellaneous	166,985	-	-	-	166,985	-
Gain on sale of capital assets	(726,800)	-	-	10,679	(716,121)	-
Interest expense	(997,342)	-	(1,271)	-	(998,613)	-
Total nonoperating revenues (expenses)	<u>(1,185,351)</u>	<u>21,577</u>	<u>80,662</u>	<u>6,305,594</u>	<u>5,222,482</u>	<u>-</u>
Income (loss) before contributions and transfers	5,616,628	195,919	106,279	(4,027,499)	1,891,327	188,052
Capital contributions	2,088,783	-	-	4,376,198	6,464,981	-
Transfers in	-	-	25,000	-	25,000	-
Transfers out	(1,515,221)	(75,000)	(106,046)	(977,397)	(2,673,664)	-
Change in net position	<u>6,190,190</u>	<u>120,919</u>	<u>25,233</u>	<u>(628,698)</u>	<u>5,707,644</u>	<u>188,052</u>
Total net position - beginning	62,169,461	8,429,678	2,866,893	49,239,872	122,705,904	2,042,276
Total net position - ending	<u>\$ 68,359,651</u>	<u>\$ 8,550,597</u>	<u>\$ 2,892,126</u>	<u>\$ 48,611,174</u>	<u>\$128,413,548</u>	<u>\$ 2,230,328</u>

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

**Park City Municipal Corporation**  
**Reconciliation of the Change in Net Position of Proprietary Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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Net changes in net position - total proprietary funds	\$5,707,644
Amounts reported for proprietary 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 \$188,052 less amount allocated to governmental activities of \$104,323 and reversal of prior year allocation of \$152,920.	(69,191)
Change in net position of business-type activities	<u>\$5,638,453</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, 2019**

	Business-type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities
	Water Fund	Stormwater Fund	Golf Course Fund	Transportation and Parking Fund	Internal Service Funds		
\$	18,254,863	\$ 1,557,043	\$ 1,420,916	\$ 9,475,133	\$ 30,707,955	\$ 4,260,893	
	(2,884,391)	(865,360)	(775,140)	(10,353,642)	(14,878,533)	(1,033,900)	
	(4,915,539)	(178,143)	(507,477)	(9,236,696)	(14,837,855)	(2,988,859)	
	10,454,933	513,540	138,299	(10,115,205)	991,567	238,134	
	-	-	25,000	-	25,000	-	
	(800,221)	(75,000)	(106,046)	(977,397)	(1,958,664)	-	
	-	-	-	6,049,389	6,049,389	-	
	(800,221)	(75,000)	(81,046)	5,071,992	4,115,725	-	
	2,088,783	-	60,000	3,231,082	5,379,865	-	
	(7,684,300)	(10,695)	(14,906)	(5,354,954)	(13,064,855)	-	
	(3,255,000)	-	(31,106)	-	(3,286,106)	-	
	(1,255,251)	-	(1,271)	-	(1,256,522)	-	
	(726,800)	-	-	10,679	(716,121)	-	
	166,986	-	-	-	166,986	-	
	(10,665,582)	(10,695)	12,717	(2,113,193)	(12,776,753)	-	
	372,440	21,472	21,917	168,763	584,592	-	
	372,440	21,472	21,917	168,763	584,592	-	
	(638,430)	449,317	91,887	(6,987,643)	(7,084,869)	238,134	
	10,751,801	509,480	637,749	7,552,217	19,451,247	2,528,334	
	10,113,371	938,797	729,636	564,374	12,366,378	2,766,468	
\$	6,801,979	\$ 174,342	\$ 25,617	\$ (10,333,093)	\$ (3,331,155)	\$ 188,052	
	3,494,887	155,839	222,469	2,889,259	6,762,454	-	
	(715,000)	-	-	-	(715,000)	-	
	48,932	194,024	(61,181)	(50,482)	131,293	76,064	
	197,302	(15,001)	(12,382)	(2,463,833)	(2,293,914)	(323)	
	18,948	-	(9,741)	(126,105)	(116,898)	26,048	
	590,573	(7,328)	(25,636)	(93,362)	464,247	(47,362)	
	13,556	6,207	2,862	47,006	69,631	1,508	
	3,756	5,457	(3,709)	15,405	20,909	(5,853)	
	10,454,933	513,540	138,299	(10,115,205)	991,567	238,134	

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from customers  
Payments to employees  
Payments to suppliers  
Net cash provided (used) by operating activities

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers from other funds  
Transfers to other funds  
Transit and resort sales tax  
Net cash provided (used) by noncapital financing activities

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Impact fees, contributions and grants  
Acquisition and construction of capital assets  
Principal paid on capital debt and interfund loan  
Interest paid on capital debt and interfund loan  
Proceeds from sales of capital assets  
Federal subsidy on capital debt  
Net cash provided (used) by capital and related financing activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received by investing activities  
Net cash provided (used) by investing activities  
Net increase (decrease) in cash and cash equivalents  
Balances - beginning of year  
Balances - end of year

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income (loss)  
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:  
Depreciation  
Non-cash water interfund transfer to general fund  
Pension Expense  
Changes in assets and liabilities:  
Accounts receivable  
Inventory  
Accounts and other payables  
Accrued liabilities  
Compensated absences  
Net cash provided (used) by operating activities

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Included in investment income is an increase of \$25,314 in fair value for the year ended June 30, 2019.

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, 2019**

	Custodial Funds
<b>ASSETS</b>	
Cash, cash equivalents and investments	\$ 3,329,036
Total assets	3,329,036
 <b>LIABILITIES</b>	
Accounts payable and other liabilities	-
Total liabilities	-
 <b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	3,329,036
Total net position	\$ 3,329,036

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, 2019**

	Custodial Funds
<b>ADDITIONS</b>	
Contributions from individuals, organizations, and other governments	\$ 2,232,255
Total additions	2,232,255
 <b>DEDUCTIONS</b>	
Refunds to individuals, organizations, and other governments	1,271,719
Total deductions	1,271,719
Net increase in fiduciary net position	960,536
 Net Position -- beginning of the year	 2,368,500
Net Position -- end of the year	\$ 3,329,036

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

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**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

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**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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 FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

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

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

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.

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.

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.



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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). 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.

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:

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

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***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 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.

***Long-term Obligations*** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term 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, 2019 for governmental activities were \$16,347,745 and \$711,488 for business-type activities and proprietary funds. 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

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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***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. The City reports the deferred charge on refunding in the government-wide statement of net position and the proprietary fund statement of net position. The deferred charge on refunding resulted from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 liabilities. 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, 2019, 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.

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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the entity'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 they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Proceeds of the City's 2004 and 2013A Series General Obligation Bonds in the amount of \$5,099,028 are classified as restricted assets as well as impact fees of \$1,885,973 and B and C road funds of \$209,634. 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, 2019 of \$11,543 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, 2019 of \$24,504,653 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, 2019 of \$641,434 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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 \$587,552 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 \$40,482,030 and non-major capital project fund budgets included \$4,974,305 for a total of \$45,456,335 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 FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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. Statement No. 83 is effective for reporting periods beginning after June 15, 2018. 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. Statement No. 84 is 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 December 15, 2019. 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, 2018. 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 Statement No. 89 are effective for periods beginning after December 15, 2019. 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.

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, 2018. 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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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 Statement No. 91 are effective for periods beginning after December 15, 2020. 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.

**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 equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. 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, 2019:

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund Statement of Net Position	Total
Held by city-unrestricted	\$ 61,639,465	\$ 7,129,242	\$ 68,768,707	\$ 3,329,036	\$ 72,097,743
Held by city-restricted	7,194,635	-	7,194,635	-	7,194,635
Total held by city	\$ 68,834,100	\$ 7,129,242	\$ 75,963,342	\$ 3,329,036	\$ 79,292,378
Held by fiscal agent	\$ 25,157,630	\$ 5,237,136	\$ 30,394,766	\$ -	\$ 30,394,766

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

As of June 30, 2019, the City had the following deposits and investments, including \$3,329,036 held in a custodial capacity for others:

Held by city:	Investments maturities		
Investment Type	Fair Value	1 year or less	1-5 years
Debt securities			
Federal National Mortgage Association	\$ 449,252	\$ 449,252	\$ -
Federal Home Loan Mortgage Corporation	1,944,226	747,945	1,196,281
Federal Home Loan Bank	249,543	-	249,543
Corporate Bonds	2,488,839	1,000,082	1,488,757
	5,131,860	\$ 2,197,279	\$ 2,934,581
Other investments			
State treasurer's investment pool	71,697,581	\$ 71,697,581	
Total investments	76,829,441		
<u>Deposits</u>			
Cash deposits checking-net of outstanding checks	1,725,962		
Cash deposits money market/savings	727,355		
Cash on hand	9,620		
Total deposits	2,462,937		
Total cash, cash equivalents and investments held by city	79,292,378		
Held by fiscal agent:			
State treasurer's investment pool	30,394,766		
Total cash, cash equivalents and investments	\$ 109,687,144		

**Deposits** – State law requires that City deposits be with a “qualified depository” as defined by the Utah Money Management Act (UMMA). “Qualified depository” includes any depository institution that has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

*Custodial credit risk* for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and deposits are: (1) Uncollateralized, (2) Collateralized with securities held by the pledging financial institution, or (3) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor government’s name. As of June 30, 2019, the City’s deposits had a carrying value of \$2,455,441 and a bank balance of \$2,548,686. Of the above bank balance, \$250,000 was covered by federal depository insurance. The City does not have a deposit policy for custodial credit risk. However, Utah State law does not require deposits to be insured or collateralized.



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

**Investments** –The City’s investment policies are also governed by the UMMA. Public treasurers may use investment advisers to conduct investment transactions on behalf of public treasurers as permitted by statute, Rules of the Money Management Council and local ordinance or policy. Investment advisers must be certified by the Director of the Utah State Division of Securities of the Department of Commerce (the "Director") and meet the requirements of the Utah Money Management Act (Rule 15 of the State Money Management Council). The UMMA mandates that investment transactions be conducted only through qualified depositories, certified dealers or directly with issuers of the investment securities. Broker/dealers and agents who desire to become certified dealers must be certified by the Director and meet the requirements of the Utah Money Management Act. (Rule 16 of the State Money Management Council). The Utah Money Management Council issues a quarterly list of certified investment advisers, certified dealers and qualified depositories authorized by state statute to conduct transactions with public treasurers. All securities purchased through a certified investment adviser or certified dealer are required to be delivered to the custody of the City Treasurer or to the City's safekeeping bank or trust company.

*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, 2019 the City had the following recurring fair value measurements:

<u>Investments by fair value level</u>	<u>June 30, 2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities				
Federal National Mortgage Association	\$ 449,252	\$ 449,252	\$ -	\$ -
Federal Home Loan Mortgage Corporation	1,944,226	1,944,226	-	-
Federal Home Loan Bank	249,543	249,543	-	-
Corporate Bonds	2,488,839	2,488,839	-	-
Utah Public Treasurers' Investment Fund	71,697,581	-	71,697,581	-
Total debt securities	<u>\$ 76,829,441</u>	<u>\$ 5,131,860</u>	<u>\$ 71,697,581</u>	<u>\$ -</u>

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, 2019 fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the Fund.

*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. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty’s trust department or agent but not in the government’s name. For investments in U.S. government agencies and corporate bonds with combined fair value of \$5,131,860 at June 30, 2019, the City uses a qualified depository bank for safekeeping securities for the purpose of settling investment transactions, safekeeping, and collecting those investments. These

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

investments are held by the investment’s counterparty, not in the name of the City but are supported by a safekeeping receipt issued by the City’s bank. The City does not have an investment policy for custodial credit risk.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy limits the term of investments to a maximum maturity that shall not exceed five years in order to manage its exposure to fair value losses arising from increasing interest rates. The investment policy also specifies that the City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

*Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s investment policy, in compliance with the UMMA limits investments to the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of qualified depository under “deposits” above). (2) Repurchase agreements with qualified depositories or primary reporting dealers only if these securities are delivered to the custody of the City Treasurer or the City’s safekeeping bank or are conducted with a qualified depository. (3) Commercial paper which is classified as "first tier" by two nationally recognized statistical rating organizations. (4) Obligations of the United States Treasury, including Treasury Bills, Treasury Notes, and United States Treasury Bonds. (5) Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Agriculture Mortgage Corporation, and the Tennessee Valley Authority. (6) The Utah State Treasurer’s Investment Pool. (7) Publicly traded fixed rate corporate obligations rated “A” or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations. (8) Tax anticipation and general obligation bonds of the state or a county, an incorporated city or town, a school district or other political subdivision of the State of Utah.

The City’s rated debt investments as of June 30, 2019, are shown in the table below:

	Fair Value	Quality Ratings		
		AAA	AA	A
<u>Primary government:</u>				
Debt securities				
Federal National Mortgage Association	\$ 449,252	\$ 449,252	\$ -	\$ -
Federal Home Loan Mortgage Corporation	1,944,226	1,944,226	-	-
Federal Home Loan Bank	249,543	249,543	-	-
Corporate Bonds	2,488,839	-	451,059	2,037,780

The Utah State Treasurer’s Investment Pool is not rated and is not registered with the U.S. Securities and Exchange Commission as an investment company. The fair value of the position of the Utah State Treasurer’s Investment Pool is approximately equal to the value of the pool shares. All investments of the Utah State Treasurer’s Investment Pool must comply with the UMMA and Rules of the State Money Management Council. The Pool invests primarily in money market securities including time certificates of deposit and top-rated domestic commercial paper. No more than 5.0 percent of the pool may be invested with a single issuer. Investment activity of the State Treasurer is reviewed periodically by the Utah Money Management Council and is audited by the Utah State Auditor. Pool

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

deposits are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments.

*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 investment policy authorizes investments to be made in accordance with the UMMA and further specifies that with the exception of U.S. Treasury securities and authorized pools, no more than 50.0 percent of the City's total investment portfolio will be invested in a single security type. None of the City's investments exceed this limit.

**NOTE C – NOTES RECEIVABLE**

Notes receivable of the governmental fund types at June 30, 2019 include various affordable housing and employee mortgage assistance loans with interest rates ranging from 0% to 5.0%. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2019:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 749,970	\$ 1,127	\$ 751,097
2021	5,225	872	6,097
2022	5,493	604	6,097
2023	3,192	368	3,560
2024	3,059	216	3,275
2025	1,417	60	1,477
Total	<u>\$ 768,356</u>	<u>\$ 3,247</u>	<u>\$ 771,603</u>

**NOTE D – CAPITAL ASSETS**

Depreciation expense was charged to functions for the year ended June 30, 2019 as follows:

**Governmental activities:**

General government	\$ 3,077,103
Public safety	368,231
Public works	1,007,485
Library and recreation	1,336,235
Total governmental activities depreciation expense	<u>\$ 5,789,054</u>

**Business-type activities:**

Water	\$ 3,494,887
Stormwater	155,839
Transportation and parking	2,889,259
Golf course	222,469
Total business-type activities depreciation expense	<u>\$ 6,762,454</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE D – CAPITAL ASSETS, Continued**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Transfers	Additions	Deletions	Balance June 30, 2019
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 177,825,381	\$ -	\$ 64,290,608	\$ -	\$ 242,115,989
Construction in progress	13,820,885	-	6,197,640	(7,744,532)	12,273,993
Art	730,119	-	50,000	-	780,119
Total capital assets, not being depreciated	<u>192,376,385</u>	<u>-</u>	<u>70,538,248</u>	<u>(7,744,532)</u>	<u>255,170,101</u>
Capital assets, being depreciated:					
Buildings	45,283,758	-	2,030,934	(695)	47,313,997
Improvements other than building	41,441,787	-	239,682	-	41,681,469
Vehicles and equipment	13,397,090	15,817	1,269,426	(313,847)	14,368,486
Infrastructure	114,648,613	-	1,794,532	-	116,443,145
Intangibles	8,604,531	-	223,250	-	8,827,781
Total capital assets, being depreciated	<u>223,375,779</u>	<u>15,817</u>	<u>5,557,824</u>	<u>(314,542)</u>	<u>228,634,878</u>
Less accumulated depreciation for:					
Buildings	(15,010,039)	-	(1,275,244)	695	(16,284,588)
Improvements other than building	(21,634,317)	-	(1,193,888)	-	(22,828,205)
Vehicles and equipment	(8,122,107)	(15,817)	(1,317,694)	261,305	(9,194,313)
Infrastructure	(91,487,266)	-	(1,999,565)	-	(93,486,831)
Intangibles	(359,365)	-	(2,663)	-	(362,028)
Total accumulated depreciation	<u>(136,613,094)</u>	<u>(15,817)</u>	<u>(5,789,054)</u>	<u>262,000</u>	<u>(142,155,965)</u>
Total capital assets, being depreciated, net	<u>86,762,685</u>	<u>-</u>	<u>(231,230)</u>	<u>(52,542)</u>	<u>86,478,913</u>
Governmental activities capital assets, net	<u>\$ 279,139,070</u>	<u>\$ -</u>	<u>\$ 70,307,018</u>	<u>\$ (7,797,074)</u>	<u>\$ 341,649,014</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land and water rights	\$ 22,245,188	\$ -	\$ -	\$ -	\$ 22,245,188
Construction in progress	14,182,778	-	8,387,244	(4,826,467)	17,743,555
Art	109,214	-	-	-	109,214
Total capital assets, not being depreciated	<u>36,537,180</u>	<u>-</u>	<u>8,387,244</u>	<u>(4,826,467)</u>	<u>40,097,957</u>
Capital assets, being depreciated:					
Buildings	23,060,646	-	3,180,682	-	26,241,328
Improvements other than building	111,445,162	-	2,185,879	(1,048,734)	112,582,307
Vehicles and equipment	32,590,801	(15,817)	4,949,088	(632,482)	36,891,590
Intangibles	86,455	-	-	-	86,455
Total capital assets, being depreciated	<u>167,183,064</u>	<u>(15,817)</u>	<u>10,315,649</u>	<u>(1,681,216)</u>	<u>175,801,680</u>
Less accumulated depreciation for:					
Buildings	(7,178,602)	-	(667,970)	-	(7,846,572)
Improvements other than building	(48,772,130)	-	(3,219,692)	321,934	(51,669,888)
Vehicles and equipment	(14,095,315)	15,817	(2,868,512)	573,225	(16,374,785)
Intangibles	(59,880)	-	(6,280)	-	(66,160)
Total accumulated depreciation	<u>(70,105,927)</u>	<u>15,817</u>	<u>(6,762,454)</u>	<u>895,159</u>	<u>(75,957,405)</u>
Total capital assets, being depreciated, net	<u>97,077,137</u>	<u>-</u>	<u>3,553,195</u>	<u>(786,057)</u>	<u>99,844,275</u>
Business-type activities capital assets, net	<u>\$ 133,614,317</u>	<u>\$ -</u>	<u>\$ 11,940,439</u>	<u>\$ (5,612,524)</u>	<u>\$ 139,942,232</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2019:

	Beginning Balance July 1, 2018	Additions	Reductions	Amortization	Ending Balance June 30, 2019	Due Within One Year
<b>Governmental activities:</b>						
General obligation bonds:						
2008 series-principal	\$ 4,675,000	\$ -	\$ (4,675,000)	\$ -	\$ -	\$ -
2008 series-premium/discount	22,264	-	(22,264)	-	-	-
2009 series-principal	5,400,000	-	(820,000)	-	4,580,000	850,000
2009 series-premium/discount	73,435	-	-	(12,561)	60,874	-
2010B series-principal	3,065,000	-	(400,000)	-	2,665,000	410,000
2010B series-premium	40,924	-	-	(5,977)	34,947	-
2013A series-principal	5,090,000	-	(440,000)	-	4,650,000	455,000
2013A series-premium	62,205	-	-	(6,318)	55,887	-
2014 series-principal	725,000	-	(725,000)	-	-	-
2014 series-premium	28,943	-	-	(28,943)	-	-
2017 series-principal	23,435,000	-	(1,280,000)	-	22,155,000	1,335,000
2017 series-premium	2,655,595	-	-	(195,264)	2,460,331	-
2019 series-principal	-	48,290,000	-	-	48,290,000	2,860,000
2019 series-premium	-	6,827,264	-	(146,648)	6,680,616	-
<b>Total general obligation bonds</b>	<b>45,273,366</b>	<b>55,117,264</b>	<b>(8,362,264)</b>	<b>(395,711)</b>	<b>91,632,655</b>	<b>5,910,000</b>
Revenue bonds:						
Sales tax revenue bonds						
2014A refunding-principal	3,075,000	-	(985,000)	-	2,090,000	1,025,000
2014A refunding-premium	227,441	-	-	(76,725)	150,716	-
2014B series-principal	5,375,000	-	-	-	5,375,000	-
2014B series-premium	123,306	-	-	(11,241)	112,065	-
2015 series-principal	9,700,000	-	(665,000)	-	9,035,000	680,000
2015 series-premium	481,458	-	-	(40,222)	441,236	-
2017 series-principal	29,865,000	-	(1,590,000)	-	28,275,000	1,670,000
2017 series-premium	3,156,628	-	-	(225,960)	2,930,668	-
2019 series-principal	-	26,775,000	-	-	26,775,000	1,250,000
2019 series-premium	-	3,495,522	-	(75,117)	3,420,405	-
<b>Total revenue bonds</b>	<b>52,003,833</b>	<b>30,270,522</b>	<b>(3,240,000)</b>	<b>(429,265)</b>	<b>78,605,090</b>	<b>4,625,000</b>
Compensated absences	874,157	671,240	(690,187)	-	855,210	649,558
<b>Total governmental activities</b>	<b>\$ 98,151,356</b>	<b>\$ 86,059,026</b>	<b>\$ (12,292,451)</b>	<b>\$ (824,976)</b>	<b>\$ 171,092,955</b>	<b>\$ 11,184,558</b>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

	Beginning Balance July 1, 2018	Additions	Reductions	Amortization	Ending Balance June 30, 2019	Due Within One Year
<b>Business-type activities:</b>						
2009A water revenue	\$ 1,500,000	\$ -	\$ (125,000)	\$ -	\$ 1,375,000	\$ 125,000
2009B water revenue refunding	1,810,000	-	(1,810,000)	-	-	-
2009B water revenue-premium	147,526	-	-	(147,526)	-	-
2009C water revenue	10,135,000	-	-	-	10,135,000	1,900,000
2010 water revenue	6,640,000	-	(825,000)	-	5,815,000	870,000
2010 water revenue-premium	386,370	-	-	(59,704)	326,666	-
2012 water revenue	2,760,000	-	(265,000)	-	2,495,000	280,000
2012 water revenue-premium	186,628	-	-	(20,812)	165,816	-
2012B water revenue refunding	5,525,000	-	-	-	5,525,000	-
2012B water revenue-premium	78,068	-	-	(8,245)	69,823	-
2013A water revenue refunding	1,965,000	-	(230,000)	-	1,735,000	235,000
2013A water revenue-premium/disc.	21,855	-	-	(2,926)	18,929	-
2014 water revenue	4,115,000	-	-	-	4,115,000	-
2014 water revenue-premium	148,950	-	-	(18,695)	130,255	-
Total revenue bonds	<u>35,419,397</u>	<u>-</u>	<u>(3,255,000)</u>	<u>(257,908)</u>	<u>31,906,489</u>	<u>3,410,000</u>
Compensated absences	<u>350,939</u>	<u>297,155</u>	<u>(276,246)</u>	<u>-</u>	<u>371,848</u>	<u>264,096</u>
Total business-type activities	<u>\$ 35,770,336</u>	<u>\$ 297,155</u>	<u>\$ (3,531,246)</u>	<u>\$ (257,908)</u>	<u>\$ 32,278,337</u>	<u>\$ 3,674,096</u>

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 \$65,418 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.

**General Obligation Bonds**

On June 16, 2009, the City issued General Obligation Bonds Series 2009 in the amount of \$13,500,000 plus a net premium/discount of \$186,966. A portion of the proceeds was used to refund \$1,695,000 of the City's General Obligation Bonds Series 1999, plus \$12,852 interest. Bond proceeds of approximately \$4,000,000 were issued pursuant to a bond election held on November 7, 2006 to acquire and forever preserve undeveloped park and recreational land and approximately \$7,800,000 were issued pursuant to a bond election held November 6, 2007 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 April 30, 2010, the City issued federally taxable General Obligation Bonds Series 2010B Build America Bonds with direct pay subsidy in the par amount of \$6,000,000, a premium of \$89,739 and issuance costs of \$109,974. Bond proceeds were issued pursuant to a bond election held on November 7, 2006 to acquire and forever preserve undeveloped park and recreational land. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**General Obligation Bonds, Continued**

The debt service requirements for the bonds at June 30, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2009 Dated June 16, 2009 \$13,500,000 @ 3.00% to 4.00% per annum paid semi- annually (Nov. & May)		Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2020	\$ 850,000	\$ 173,516	\$ 410,000
2021	880,000	143,340	425,000	112,475
2022	915,000	111,220	435,000	92,287
2023	950,000	76,450	450,000	71,190
2024	985,000	39,400	465,000	48,915
2025	-	-	480,000	25,200
Total	4,580,000	543,926	2,665,000	481,402
Plus unamortized premium/discount	60,874	-	34,947	-
Total	<u>\$ 4,640,874</u>	<u>\$ 543,926</u>	<u>\$ 2,699,947</u>	<u>\$ 481,402</u>

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.

The debt service requirements for the bonds at June 30, 2019 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)	
	PRINCIPAL	INTEREST
2020	\$ 455,000	\$ 129,413
2021	465,000	120,313
2022	480,000	109,850
2023	500,000	97,850
2024	515,000	84,100
2025	530,000	69,938
2026	550,000	54,036
2027	565,000	37,537
2028	590,000	19,175
Total	4,650,000	722,212
Plus unamortized premium/discount	55,887	-
Total	<u>\$ 4,705,887</u>	<u>\$ 722,212</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**General Obligation Bonds, Continued**

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.

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. The proceeds of the bonds were used to currently refund \$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.

The debt service requirements for the bonds at June 30, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2017 Dated June 6, 2017 \$25,000,000 @ 3.00% to 5.00% per annum paid semi- annually (Feb. & August)		Series 2019 Dated March 5, 2019 \$48,290,000 @ 3.00% to 5.00% per annum paid semi- annually (Feb. & August)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2020	\$ 1,335,000	\$ 910,350	\$ 2,860,000
2021	1,385,000	843,600	2,795,000	2,081,900
2022	1,440,000	774,350	2,945,000	1,942,150
2023	1,500,000	702,350	3,090,000	1,794,900
2024	1,560,000	627,350	3,245,000	1,640,400
2025	1,625,000	549,350	3,405,000	1,478,150
2026	1,685,000	468,100	2,730,000	1,307,900
2027	1,755,000	383,850	2,870,000	1,171,400
2028	1,825,000	296,100	3,015,000	1,027,900
2029	1,900,000	241,350	3,165,000	877,150
2030	1,975,000	184,350	3,320,000	718,900
2031	2,055,000	125,100	3,490,000	552,900
2032	2,115,000	63,450	3,625,000	413,300
2033	-	-	3,810,000	232,050
2034	-	-	3,925,000	117,750
Total	22,155,000	6,169,650	48,290,000	17,371,521
Plus unamortized premium	2,460,331	-	6,680,616	-
Total	<u>\$ 24,615,331</u>	<u>\$ 6,169,650</u>	<u>\$ 54,970,616</u>	<u>\$ 17,371,521</u>



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**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, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2014A, \$6,725,000 @ 2.00%-4.00% paid semiannually		Series 2014B, \$5,375,000 @3.00%-3.25% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2020	\$ 1,025,000	\$ 62,300	\$ -
2021	1,065,000	21,300	-	164,912
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	2,090,000	83,600	5,375,000	1,107,775
Plus unamortized premium	150,716	-	112,065	-
Total	<u>\$ 2,240,716</u>	<u>\$ 83,600</u>	<u>\$ 5,487,065</u>	<u>\$ 1,107,775</u>

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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**Sales Tax Revenue and Refunding Bonds, Continued**

The debt service requirements for the bonds at June 30, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2015, \$11,600,000 @ 2.00% - 4.00% paid semiannually		Series 2017, \$31,940,000 @ 2.85% - 5.00% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 680,000	\$ 320,125	\$ 1,670,000	\$ 1,099,352
2021	710,000	292,925	1,755,000	1,015,853
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	9,035,000	1,972,375	28,275,000	7,734,857
Plus unamortized premium	441,236	-	2,930,668	-
Total	<u>\$ 9,476,236</u>	<u>\$ 1,972,375</u>	<u>\$ 31,205,668</u>	<u>\$ 7,734,857</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2019 Dated February 21, 2019 \$26,775,000 @ 3.00% to 5.00% paid semiannually	
	PRINCIPAL	INTEREST
2020	\$ 1,250,000	\$ 1,145,750
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	26,775,000	9,386,750
Plus unamortized premium/discount	3,420,405	-
Total	\$ 30,195,405	\$ 9,386,750

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. More detailed information about pledged-revenue coverage is presented in Schedule 18 on page 124 of this report.

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 FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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 bear interest at 2.25 percent paid semiannually. 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 bear interest at 2.00 percent paid semiannually. 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, 2019 were as follows:

Fiscal Year Ending June 30,	SERIES 2012B Dated December 14, 2012 \$5,525,000 @ 2.25%		SERIES 2013A Dated February 21, 2013 \$3,045,000 @ 2.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2020	\$ -	\$ 124,313	\$ 235,000
2021	-	124,312	240,000	27,600
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	999,844	1,735,000	123,950
Plus unamortized premium/discount	69,823	-	18,929	-
Total	<u>\$ 5,594,823</u>	<u>\$ 999,844</u>	<u>\$ 1,753,929</u>	<u>\$ 123,950</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**Water Revenue Bonds**

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, 2019 is \$1,375,000.

On September 29, 2009, the City issued the par amount of \$10,135,000 in Taxable Water Revenue Bonds Series 2009C Build America Bonds with issuer subsidy to finance the construction of culinary water system improvements. The bonds bear interest at 4.70 percent to 5.25 percent paid semiannually. Repayments on the debt are made from the net revenues of the Water Fund.

On February 10, 2010, the City issued the par amount of \$12,200,000 in Water Revenue Bonds Series 2010 plus a premium of \$886,911. The premium was deferred and amortized over the life of the bond on an effective interest basis. The proceeds were used to purchase water rights from Jordanelle Special Service District. The bonds bear interest at 2.0 percent to 5.0 percent paid semiannually. Repayments on the debt are made from the net revenues of the Water Fund.

The debt service requirements for these bonds at June 30, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2009C Dated September 29, 2009 \$10,135,000 @ 4.70% to 5.25%		Series 2010 Dated February 10, 2010 \$12,200,000 @ 2.00% to 5.00%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2020	\$ 1,900,000	\$ 508,637	\$ 870,000
2021	1,960,000	419,338	910,000	179,600
2022	2,025,000	323,298	950,000	142,400
2023	2,090,000	221,035	1,000,000	103,400
2024	2,160,000	113,400	1,015,000	63,100
2025	-	-	1,070,000	21,400
Total	10,135,000	1,585,708	5,815,000	729,450
Plus unamortized premium	-	-	326,666	-
Total	<u>\$ 10,135,000</u>	<u>\$ 1,585,708</u>	<u>\$ 6,141,666</u>	<u>\$ 729,450</u>

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. The bonds bear interest at 2.00% to 4.00% paid semiannually. Repayments on the debt are made from net revenues of the Water Fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**Water Revenue Bonds, Continued**

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 bear interest at 3.25% paid semiannually. 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, 2019 were as follows:

Fiscal Year Ending June 30,	Series 2012 Dated May 31, 2012 \$4,160,000 @ 2.00% to 4.00%		Series 2014 Dated June 25, 2014 \$4,115,000 @ 3.25%	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2020	\$ 280,000	\$ 78,250	\$ -
2021	290,000	69,850	-	133,737
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	2,495,000	374,900	4,115,000	859,788
Plus unamortized premium	165,816	-	130,255	-
Total	\$ 2,660,816	\$ 374,900	\$ 4,245,255	\$ 859,788

**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, 2019, the tax increment collected by the Main Street Redevelopment Agency was \$262,601 and the tax contributions from other governments were \$879,143. The tax increment collected by the Lower Park Avenue Redevelopment Agency was \$664,751 and the tax contributions from other governments were \$2,225,471. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$240,086 and \$509,724, respectively.

During the fiscal year, the Lower Park Avenue Redevelopment Agency expended \$126,684 for site improvements and \$127,847 for economic development. The Main Street Redevelopment Agency expended \$208,223 for site improvements and \$921 for economic development.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

The annual debt service requirements for all long-term debt outstanding as of June 30, 2019 by activity are as follows:

Fiscal Year ending June 30,	Governmental Activities		Business-Type Activities
	General Obligation Bonds	Revenue Bonds	
Principal			
2020	\$ 5,910,000	\$ 4,625,000	\$ 3,410,000
2021	5,950,000	4,855,000	3,525,000
2022	6,215,000	4,520,000	3,645,000
2023	6,490,000	4,735,000	3,770,000
2024	6,770,000	4,950,000	3,865,000
2025-2029	26,690,000	28,000,000	12,855,000
2030-2034	24,315,000	19,865,000	125,000
Total	82,340,000	71,550,000	31,195,000
Plus unamortized premium/discount			
	9,292,655	7,055,090	711,489
Total	<u>\$ 91,632,655</u>	<u>\$ 78,605,090</u>	<u>\$ 31,906,489</u>
Interest			
2020	\$ 3,359,385	\$ 2,792,440	\$ 1,096,838
2021	3,301,628	2,576,365	954,436
2022	3,029,857	2,432,215	807,648
2023	2,742,740	2,223,791	652,485
2024	2,440,165	2,005,316	490,301
2025-2029	8,007,136	6,744,624	671,932
2030-2034	2,407,800	1,510,606	-
Total	<u>\$ 25,288,711</u>	<u>\$ 20,285,357</u>	<u>\$ 4,673,640</u>

**Defeasance of Debt**

On March 5, 2019 the City issued \$4,290,000 in General Obligation Bonds Series 2019 with an average interest rate of 4.34 percent. The bond proceeds were used for a current refunding of \$4,675,000 of outstanding General Obligation Bonds Series 2008 with an average interest rate of 4.20 percent. An aggregate amount of \$4,772,659 (representing \$4,290,000 of proceeds together with a premium of \$482,659) currently refunded the General Obligation Bonds Series 2008. 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 \$322,235. The refunding also decreased the City's total debt service payments over the next five years by approximately \$257,521. For government-wide reporting the reacquisition price of the Series 2019 bonds was less than the net carrying amount of the 2008 Series bonds resulting in a gain on refunding of \$385,000. The gain on refunding was recorded as a deferred inflow of resources and amortized over the five-year life of the debt.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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);
- Public Employees Contributory Retirement System (Contributory 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.

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](http://www.urs.org).



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE F – RETIREMENT PLANS, Continued**

Benefits provided: The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

<b>System</b>	<b>Final average salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
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 all years	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 FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE F – RETIREMENT PLANS, Continued**

Contribution rates as of June 30, 2019 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	15.54	1.15
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	23.09	0.74
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, 2019, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 1,486,998	\$ N/A
Contributory System	118,253	49,068
Public Safety System	703,630	-
Tier 2 Public Employees Systems	1,391,549	-
Tier 2 Public Safety and Firefighter	47,136	-
Tier 2 DC Only System	85,220	N/A
Tier 2 DC Public Safety and Firefighter System	8,158	N/A
Total Contributions	<u>\$ 3,840,944</u>	<u>\$ 49,068</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 FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE F – RETIREMENT PLANS, Continued**

**Combined Pension Assets, Liabilities, Expense, Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2019, the City reported no net pension asset and a net pension liability of \$14,568,026.

	Measurement Date: December 31, 2018				Proportionate Share December 31, 2018	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share			
Noncontributory System	\$ -	\$ 8,933,726	1.2132077	%	1.1793561	0.0338516
Contributory System	-	1,791,243	4.4140715		4.2822288	0.1318427
Public Safety System	-	3,548,166	1.3792220		1.4076471	(0.0284251)
Tier 2 Public Employees System	-	291,045	0.6795699		0.6412973	0.0382726
Tier 2 Public Safety and Firefighter	-	3,846	0.1535009		0.2907906	(0.1372897)
	<u>\$ -</u>	<u>\$ 14,568,026</u>				

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, the City recognized pension expense of \$5,020,343. 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	\$ 118,710	\$ 395,639
Changes in assumptions	1,681,232	5,370
Net difference between projected and actual earnings on pension plan investments	3,157,471	-
Changes in proportion and differences between contributions and proportionate share of contributions	511,079	113,432
Contributions subsequent to the measurement date	1,966,162	-
Total	<u>\$ 7,434,654</u>	<u>\$ 514,441</u>

\$1,966,162 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, 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019 \$	2,204,770
2020	745,014
2021	421,900
2022	1,502,915
2023	10,110
Thereafter	69,341

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$2,585,957. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 114,900	\$ 166,623
Changes in assumptions	1,196,776	-
Net difference between projected and actual earnings on pension plan investments	1,859,007	-
Changes in proportion and differences between contributions and proportionate share of contributions	299,520	84,369
Contributions subsequent to the measurement date	744,235	-
Total	<u>\$ 4,214,438</u>	<u>\$ 250,992</u>

\$744,235 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, 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019 \$	1,426,838
2020	647,454
2021	264,116
2022	880,801
2023	-
Thereafter	-

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$414,331. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	588,684	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	60,438	-
Total	<u>\$ 649,122</u>	<u>\$ -</u>

\$60,438 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, 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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,	Deferred Outflows (Inflows) of Resources
2019 \$	233,177
2020	13,821
2021	59,047
2022	282,639
2023	-
Thereafter	-

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$1,244,451. 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	\$ -	\$ 168,858
Changes in assumptions	407,848	-
Net difference between projected and actual earnings on pension plan investments	612,292	-
Changes in proportion and differences between contributions and proportionate share of contributions	106,562	29,063
Contributions subsequent to the measurement date	353,067	-
Total	\$ 1,479,769	\$ 197,921

\$353,067 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, 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ 509,733
2020	57,877
2021	70,526
2022	290,645
2023	-
Thereafter	-

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$752,570. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,043	\$ 60,153
Changes in assumptions	72,949	5,229
Net difference between projected and actual earnings on pension plan investments	94,777	-
Changes in proportion and differences between contributions and proportionate share of contributions	93,175	-
Contributions subsequent to the measurement date	780,449	-
Total	<u>\$ 1,043,393</u>	<u>\$ 65,382</u>

\$780,449 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 ate of December 31, 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ 33,286
2020	24,337
2021	26,624
2022	46,697
2023	9,042
Thereafter	57,576

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

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$23,034. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,767	\$ 5
Changes in assumptions	3,659	141
Net difference between projected and actual earnings on pension plan investments	2,711	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,822	-
Contributions subsequent to the measurement date	27,973	-
Total	<u>\$ 47,932</u>	<u>\$ 146</u>

\$27,973 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, 2018.



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019 \$	1,736
2020	1,525
2021	1,587
2022	2,133
2023	1,068
Thereafter	11,765

**Actuarial Assumptions**

The total pension liability in the December 31, 2018, 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, 2018, 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:

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE F – RETIREMENT PLANS, Continued**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00 %	6.15 %	2.46 %
Debt securities	20.00	0.40	0.08
Real assets	15.00	5.75	0.86
Private equity	9.00	9.95	0.89
Absolute return	16.00	2.85	0.46
Cash and cash equivalents	-	-	-
<b>Totals</b>	<b>100.00 %</b>		<b>4.75 %</b>
	Inflation		2.50 %
	Expected arithmetic nominal return		7.25 %

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 (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 18,309,316	\$ 8,933,726	\$ 1,126,336
Contributory System	3,802,515	1,791,243	98,168
Public Safety System	6,955,031	3,548,166	782,540
Tier 2 Public Employees System	1,165,983	291,045	(384,188)
Tier 2 Public Safety and Firefighter System	29,009	3,846	(15,410)
<b>Total</b>	<b>\$ 30,261,854</b>	<b>\$ 14,568,026</b>	<b>\$ 1,607,446</b>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE F – RETIREMENT PLANS, Continued**

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

Employee and employer contributions to the Systems Defined Contribution Savings Plans for fiscal year ended June 30, 2019 were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(k) Plan			
Employer Contributions	\$ 298,209	\$ 272,906	\$ 224,693
Employee Contributions	-	-	-
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	15,920	16,770	17,105
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	-	50	1,050

**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, 2019 was \$27,218,360. Of that amount, \$6,555,251 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, 2019 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, 2019 contributions totaling \$32,086 or 0.49 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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE G - DEFINED CONTRIBUTION PLANS, Continued**

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, 2019 was \$27,218,360 and the City's covered payroll eligible for this plan totaled \$20,887,679. 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 \$363,861 or 1.74 percent of covered payroll were made by the City and voluntary contributions totaling \$888,024 or 4.25 percent of covered payroll were made by employees. All contributions were made by the due dates.

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, 2019 are as follows:

Capital Projects Funds	\$5,759,278
Enterprise Funds	\$7,057,632

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE I – INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2019. They consist of the following:

State of Utah Class "C" road allotments	\$	357,940
State contributions		104,338
County contributions		1,298,240
Federal contributions		3,969,045
Fire District		357,934
School District		2,153,679
Total	\$	<u><u>8,241,176</u></u>

**NOTE J – INTERFUND LOANS**

Due to cash flow needs of the Golf 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, 2019 was as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2020	\$ 31,654	\$ 723
2021	24,107	176
Total	<u><u>\$ 55,761</u></u>	<u><u>\$ 899</u></u>

**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, 2017		28,680
Incurred claims		151,053
Claim payments		<u>143,138</u>
Unpaid claims as of June 30, 2018		36,595
Incurred claims		292,073
Claim payments		<u>263,311</u>
Unpaid claims as of June 30, 2019	\$	<u><u>65,357</u></u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE L – BUDGET RECONCILIATION**

A reconciliation of the original 2018-2019 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2019 is as follows:

	<b>Original Budget</b>		<b>Increase (Decrease)</b>		<b>Budget as Revised</b>
General Fund:					
Revenues	\$ 35,977,134	\$	810,867	\$	36,788,001
Expenditures	34,315,664		587,551		34,903,215
Special Revenue Funds:					
Revenues	\$ 3,655,792	\$	449,814	\$	4,105,606
Expenditures	1,299,041		(2,000)		1,297,041
Debt Service Funds:					
Revenues	\$ 6,088,571	\$	-	\$	6,088,571
Expenditures	11,078,100		-		11,078,100
Capital Projects Funds:					
Revenues	\$ 79,753,707	\$	25,829,608	\$	105,583,315
Expenditures	67,351,294		70,918,724		138,270,018

**NOTE M – INTERFUND TRANSFERS**

**Fund Financial Statements**

Transfers were made to and from several funds during the course of the year ended June 30, 2019. 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 \$1,073,700 to the Equipment Replacement Capital Projects Fund for future replacement of rolling stock and computer equipment. Several funds transferred a total of \$5,344,141 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 \$11,993,364 of net bond proceeds to the Capital Improvements Fund for construction project costs. The General Obligation Bond Debt Service Fund transferred \$50,094,149 of net bond proceeds to the Capital Improvements Fund for capital project costs. Transfers to the General Fund were comprised of: \$1,515,221 from the Water Fund, \$75,000 from the Stormwater Fund, \$977,397 from the Transportation and Parking Fund and \$106,046 from the Golf Fund for administrative expenses for the year ended June 30, 2019.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE M – INTERFUND TRANSFERS, Continued**

	Transfers into:					Business- Type Activities	Total	
	Major Funds				Nonmajor Funds			Golf Course Fund
	General Fund	Capital Improvement Fund	Sales Tax Revenue & Refunding - DSF	Sales Tax Revenue & Refunding - DSF				
<u>Transfers out from:</u>								
<b>Governmental activities</b>								
Major funds:								
General fund	\$ -	\$ 2,357,042	\$ 161,703	\$ 1,073,700	\$ 25,000	\$ 3,617,445		
Capital improvement fund	-	-	3,669,062	-	-	3,669,062		
Sales tax rev & refund - DSF	-	11,993,364	-	-	-	11,993,364		
General obligation - DSF	-	50,094,149	-	-	-	50,094,149		
Nonmajor funds:								
Other funds	-	-	1,513,376	2,299,125	-	3,812,501		
<b>Business-type activities</b>								
Water fund	1,515,221	-	-	-	-	1,515,221		
Stormwater fund	75,000	-	-	-	-	75,000		
Transportation and parking	977,397	-	-	-	-	977,397		
Golf course fund	106,046	-	-	-	-	106,046		
<b>Total</b>	<b>\$ 2,673,664</b>	<b>\$ 64,444,555</b>	<b>\$ 5,344,141</b>	<b>\$ 3,372,825</b>	<b>\$ 25,000</b>	<b>\$ 75,860,185</b>		

Government-Wide Financial Statements

Per GASB Statement No. 34, all interfund transfers within governmental activities and business-type activities are eliminated.

**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.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE O – UNAVAILABLE REVENUE**

Fund Financial Statements

At June 30, 2019, 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	\$ 55,761	\$ -	\$ 768,356	\$ -	\$ 824,117
Property tax levied- not yet collected	10,092,652	9,279,385	-	4,491,789	23,863,826
	<u>\$ 10,148,413</u>	<u>\$ 9,279,385</u>	<u>\$ 768,356</u>	<u>\$ 4,491,789</u>	<u>\$ 24,687,943</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 \$16,620,876 at June 30, 2019.

**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



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2019**

**NOTE Q – POLLUTION REMEDIATION, Continued**

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.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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 <sup>1</sup>

	As of calendar year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee 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
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
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
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
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

<sup>1</sup> 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 <sup>1</sup>

	As of fiscal year ended June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll <sup>2</sup>
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
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
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
Tier 2 Public Employees System <sup>3</sup>	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
Tier 2 Public Safety and Firefighter System <sup>3</sup>	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
Tier 2 Public Employees DC Only System <sup>3</sup>	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
Tier 2 Public Safety and Firefighter DC Only System <sup>3</sup>	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

<sup>1</sup> Table represents data available since implementation of GASB Statement 68 and will increase to ten years over time.

<sup>2</sup> Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

<sup>3</sup> 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, 2019**

**Note 1. Changes in Assumptions**

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

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**SUPPLEMENTARY  
INFORMATION**

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# 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, 2019**

	Special Revenue Funds				Capital Projects 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	Building Authority Capital Projects Fund	Municipal Improvement Fund	Equipment Replacement Capital Fund	Total Nonmajor Capital projects funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>										
Cash, cash equivalents and investments	\$ 1,638,303	\$ 902,043	\$ 2,540,346	\$ 1,782,012	\$ 838,599	\$ 442,400	\$ 1,928,005	\$ 4,991,016	\$ 7,531,362	
Taxes	3,194,662	1,305,111	4,499,773	-	-	-	-	-	4,499,773	
Accounts	577	182	759	308	145	77	-	530	1,289	
Total assets	\$ 4,833,542	\$ 2,207,336	\$ 7,040,878	\$ 1,782,320	\$ 838,744	\$ 442,477	\$ 1,928,005	\$ 4,991,546	\$ 12,032,424	
<b>LIABILITIES</b>										
Accounts payable	\$ 31,882	\$ -	\$ 31,882	\$ 1,325	\$ -	\$ -	\$ 15,916	\$ 17,241	\$ 49,123	
Total liabilities	31,882	-	31,882	1,325	-	-	15,916	17,241	49,123	
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue-property tax	3,191,789	1,300,000	4,491,789	-	-	-	-	-	4,491,789	
Total deferred inflow of resources	3,191,789	1,300,000	4,491,789	-	-	-	-	-	4,491,789	
Total liabilities and deferred inflows of resources	3,223,671	1,300,000	4,523,671	1,325	-	-	15,916	17,241	4,540,912	
<b>FUND BALANCES</b>										
Committed:										
Capital projects funds	-	-	-	1,780,995	838,744	442,477	1,912,089	4,974,305	4,974,305	
Economic development	1,609,871	907,336	2,517,207	-	-	-	-	-	2,517,207	
Total fund balances	\$ 1,609,871	\$ 907,336	\$ 2,517,207	\$ 1,780,995	\$ 838,744	\$ 442,477	\$ 1,912,089	\$ 4,974,305	\$ 7,491,512	
Total liabilities and fund balances	\$ 4,833,542	\$ 2,207,336	\$ 7,040,878	\$ 1,782,320	\$ 838,744	\$ 442,477	\$ 1,928,005	\$ 4,991,546	\$ 12,032,424	

**Park City Municipal Corporation**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental funds**  
**For the Year Ended June 30, 2019**

	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	
<b>REVENUES</b>									
Taxes and special assessments	\$ 664,751	\$ 262,601	\$ 927,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 927,352
Intergovernmental	2,225,471	879,143	3,104,614	-	-	-	-	-	3,104,614
Investment income	44,995	26,614	71,609	39,920	23,354	11,147	-	74,421	146,030
Total revenues	2,935,217	1,168,358	4,103,575	39,920	23,354	11,147	-	74,421	4,177,996
<b>EXPENDITURES</b>									
Capital outlay	-	-	-	126,684	208,223	-	1,227,248	1,562,155	1,562,155
Economic development	637,571	241,007	878,578	-	-	-	-	-	878,578
Total expenditures	637,571	241,007	878,578	126,684	208,223	-	1,227,248	1,562,155	2,440,733
Excess (deficiency) of revenues over expenditures	2,297,646	927,351	3,224,997	(86,764)	(184,869)	11,147	(1,227,248)	(1,487,734)	1,737,263
<b>OTHER FINANCING SOURCES (USES)</b>									
Sale of capital assets	-	-	-	-	-	-	74,891	74,891	74,891
Transfers in	-	-	-	1,547,125	752,000	-	1,073,700	3,372,825	3,372,825
Transfers out	(1,547,125)	(752,000)	(2,299,125)	(708,215)	(805,161)	-	-	(1,513,376)	(3,812,501)
Total other financing sources (uses)	(1,547,125)	(752,000)	(2,299,125)	838,910	(53,161)	-	1,148,591	1,934,340	(364,785)
Net change in fund balances	750,521	175,351	925,872	752,146	(238,030)	11,147	(78,657)	446,606	1,372,478
Fund balances - beginning	859,350	731,985	1,591,335	1,028,849	1,076,774	431,330	1,990,746	4,527,699	6,119,034
Fund balances - ending	\$ 1,609,871	\$ 907,336	\$ 2,517,207	\$ 1,780,995	\$ 838,744	\$ 442,477	\$ 1,912,089	\$ 4,974,305	\$ 7,491,512

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 341,062	\$ 341,062
Total revenues	-	-	341,062	341,062
<b>EXPENDITURES</b>				
Debt service:				
Interest	1,794,465	1,794,465	2,110,324	(315,859)
Principal retirement	3,240,000	3,240,000	3,240,000	-
Bond issuance costs	-	-	259,074	(259,074)
Total debt service	5,034,465	5,034,465	5,609,398	(574,933)
Total expenditures	5,034,465	5,034,465	5,609,398	(574,933)
Excess (deficiency) of revenues over expenditures	(5,034,465)	(5,034,465)	(5,268,336)	(233,871)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	26,775,000	26,775,000
Premium on debt issuance	-	-	3,495,522	3,495,522
Transfers in	5,020,466	4,427,841	5,344,141	916,300
Transfers out	-	-	(11,993,364)	(11,993,364)
Total other financing sources (uses)	5,020,466	4,427,841	23,621,299	19,193,458
Net change in fund balances	(13,999)	(606,624)	18,352,963	18,959,587
Fund balances - beginning	2,362,332	7,191,000	7,396,947	205,947
Fund balances - ending	\$ 2,348,333	\$ 6,584,376	\$ 25,749,910	\$ 19,165,534

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$ 6,036,374	\$ 6,036,374	\$ 6,036,374	\$ -
Investment income	-	-	2,575	2,575
Miscellaneous	52,197	52,197	48,857	(3,340)
Total revenues	<u>6,088,571</u>	<u>6,088,571</u>	<u>6,087,806</u>	<u>(765)</u>
<b>EXPENDITURES</b>				
Debt service:				
Interest	1,683,635	1,683,635	1,635,254	48,381
Principal retirement	4,360,000	4,360,000	8,340,000	(3,980,000)
Bond issuance costs	-	-	270,383	(270,383)
Total debt service	<u>6,043,635</u>	<u>6,043,635</u>	<u>10,245,637</u>	<u>(4,202,002)</u>
Total expenditures	<u>6,043,635</u>	<u>6,043,635</u>	<u>10,245,637</u>	<u>(4,202,002)</u>
Excess (deficiency) of revenues over expenditures	<u>44,936</u>	<u>44,936</u>	<u>(4,157,831)</u>	<u>(4,202,767)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	44,000,000	44,000,000
Refunding bonds issued	-	-	4,290,000	4,290,000
Premium on debt issuance	-	-	6,344,605	6,344,605
Premium on refunding bonds	-	-	482,659	482,659
Transfers out	-	-	(50,094,149)	(50,094,149)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,023,115</u>	<u>5,023,115</u>
Net change in fund balances	44,936	44,936	865,284	820,348
Fund balances - beginning	678,567	694,322	671,466	(22,856)
Fund balances - ending	<u>\$ 723,503</u>	<u>\$ 739,258</u>	<u>\$ 1,536,750</u>	<u>\$ 797,492</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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$ 9,540,207	\$ 9,540,207	\$ 11,017,088	\$ 1,476,881
Intergovernmental	2,040,000	8,469,000	1,009,043	(7,459,957)
Investment income	20,000	20,000	1,276,689	1,256,689
Impact fees	373,000	373,000	620,441	247,441
Rental and other	173,000	173,000	3,500	(169,500)
Miscellaneous	307,500	307,500	426,527	119,027
Total revenues	<u>12,453,707</u>	<u>18,882,707</u>	<u>14,353,288</u>	<u>(4,529,419)</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Land and building acquisition	61,038,968	64,447,113	58,495,184	5,951,929
Street and storm drain improvements	1,261,150	1,812,463	789,787	1,022,676
Building renovation and construction	1,857,709	26,419,334	6,625,138	19,794,196
Improvements other than building	1,055,480	35,602,485	2,576,802	33,025,683
City parks and cemetery improvements	100,000	781,511	3,147	778,364
Equipment	555,387	787,715	81,291	706,424
Total capital outlay	<u>65,868,694</u>	<u>129,850,621</u>	<u>68,571,349</u>	<u>61,279,272</u>
Total expenditures	<u>65,868,694</u>	<u>129,850,621</u>	<u>68,571,349</u>	<u>61,279,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,414,987)</u>	<u>(110,967,914)</u>	<u>(54,218,061)</u>	<u>56,749,853</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	60,300,000	79,700,608	-	(79,700,608)
Sale of capital assets	1,000,000	1,000,000	166,791	(833,209)
Transfers in	2,357,042	2,357,042	64,444,555	62,087,513
Transfers out	<u>(3,345,387)</u>	<u>(2,752,762)</u>	<u>(3,669,062)</u>	<u>(916,300)</u>
Total other financing sources (uses)	<u>60,311,655</u>	<u>80,304,888</u>	<u>60,942,284</u>	<u>(19,362,604)</u>
Net change in fund balances	6,896,668	(30,663,026)	6,724,223	37,387,249
Fund balances - beginning	39,816,947	67,307,997	40,952,442	(26,355,555)
Fund balances - ending	<u>\$ 46,713,615</u>	<u>\$ 36,644,971</u>	<u>\$ 47,676,665</u>	<u>\$ 11,031,694</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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$ 595,212	\$ 712,032	\$ 664,751	\$ (47,281)
Intergovernmental	1,818,580	2,209,674	2,225,471	15,797
Investment income	-	-	44,995	44,995
Total revenues	<u>2,413,792</u>	<u>2,921,706</u>	<u>2,935,217</u>	<u>13,511</u>
<b>EXPENDITURES</b>				
Economic development	814,041	812,041	637,571	174,470
Total expenditures	<u>814,041</u>	<u>812,041</u>	<u>637,571</u>	<u>174,470</u>
Excess of revenues over expenditures	<u>1,599,751</u>	<u>2,109,665</u>	<u>2,297,646</u>	<u>187,981</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,641,125)	(1,547,125)	(1,547,125)	-
Total other financing sources (uses)	<u>(1,641,125)</u>	<u>(1,547,125)</u>	<u>(1,547,125)</u>	<u>-</u>
Net change in fund balances	(41,374)	562,540	750,521	187,981
Fund balances - beginning	216,231	287,032	859,350	572,318
Fund balances - ending	<u>\$ 174,857</u>	<u>\$ 849,572</u>	<u>\$ 1,609,871</u>	<u>\$ 760,299</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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$ 324,160	\$ 310,797	\$ 262,601	\$ (48,196)
Intergovernmental	917,840	873,103	879,143	6,040
Investment income	-	-	26,614	26,614
Total revenues	<u>1,242,000</u>	<u>1,183,900</u>	<u>1,168,358</u>	<u>(15,542)</u>
<b>EXPENDITURES</b>				
Economic development	485,000	485,000	241,007	243,993
Total expenditures	<u>485,000</u>	<u>485,000</u>	<u>241,007</u>	<u>243,993</u>
Excess of revenues over expenditures	<u>757,000</u>	<u>698,900</u>	<u>927,351</u>	<u>228,451</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(752,000)	(752,000)	(752,000)	-
Total other financing sources (uses)	<u>(752,000)</u>	<u>(752,000)</u>	<u>(752,000)</u>	<u>-</u>
Net change in fund balances	5,000	(53,100)	175,351	228,451
Fund balances - beginning	270,447	465,052	731,985	266,933
Fund balances - ending	<u>\$ 275,447</u>	<u>\$ 411,952</u>	<u>\$ 907,336</u>	<u>\$ 495,384</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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 39,920	\$ 39,920
Total revenues	-	-	39,920	39,920
<b>EXPENDITURES</b>				
Capital outlay:				
Land and building acquisition	-	16,024	9,064	6,960
Street and storm drain improvements	-	39,845	-	39,845
Building renovation and construction	-	2,500,753	43,338	2,457,415
Improvements other than building	5,000	1,827,095	72,567	1,754,528
City parks and cemetery improvements	100,000	453,941	1,715	452,226
Total capital outlay	105,000	4,837,658	126,684	4,710,974
Total expenditures	105,000	4,837,658	126,684	4,710,974
Excess (deficiency) of revenues over expenditures	(105,000)	(4,837,658)	(86,764)	4,750,894
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	6,000,000	6,000,000	-	(6,000,000)
Transfers in	1,641,125	1,547,125	1,547,125	-
Transfers out	(708,215)	(708,215)	(708,215)	-
Total other financing sources (uses)	6,932,910	6,838,910	838,910	(6,000,000)
Net change in fund balances	6,827,910	2,001,252	752,146	(1,249,106)
Fund balances - beginning	61,453	20,686,640	1,028,849	(19,657,791)
Fund balances - ending	\$ 6,889,363	\$ 22,687,892	\$ 1,780,995	\$ (20,906,897)



**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 23,354	\$ 23,354
Total revenues	-	-	23,354	23,354
<b>EXPENDITURES</b>				
Capital outlay:				
Improvements other than building	52,000	559,903	203,477	356,426
Equipment	-	16,464	4,746	11,718
Total capital outlay	52,000	576,367	208,223	368,144
Total expenditures	52,000	576,367	208,223	368,144
Excess (deficiency) of revenues over expenditures	(52,000)	(576,367)	(184,869)	391,498
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	752,000	752,000	752,000	-
Transfers out	(805,161)	(805,161)	(805,161)	-
Total other financing sources (uses)	(53,161)	(53,161)	(53,161)	-
Net change in fund balances	(105,161)	(629,528)	(238,030)	391,498
Fund balances - beginning	598,590	676,511	1,076,774	400,263
Fund balances - ending	\$ 493,429	\$ 46,983	\$ 838,744	\$ 791,761

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 11,147	\$ 11,147
Total revenues	-	-	11,147	11,147
Excess of revenues over expenditures	-	-	11,147	11,147
Net change in fund balances	-	-	11,147	11,147
Fund balances - beginning	419,900	423,914	431,330	7,416
Fund balances - ending	\$ 419,900	\$ 423,914	\$ 442,477	\$ 18,563

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
Capital outlay:				
Equipment	\$ 1,325,600	\$ 3,005,371	\$ 1,227,248	\$ 1,778,123
Total capital outlay	1,325,600	3,005,371	1,227,248	1,778,123
Total expenditures	1,325,600	3,005,371	1,227,248	1,778,123
Excess (deficiency) of revenues over expenditures	(1,325,600)	(3,005,371)	(1,227,248)	1,778,123
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	-	-	74,891	74,891
Transfers in	1,073,700	1,073,700	1,073,700	-
Total other financing sources	1,073,700	1,073,700	1,148,591	74,891
Net change in fund balances	(251,900)	(1,931,671)	(78,657)	1,853,014
Fund balances - beginning	100,855	1,202,711	1,990,746	788,035
Fund balances - ending	\$ (151,045)	\$ (728,960)	\$ 1,912,089	\$ 2,641,049

# 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, 2019**

	Fleet Services Fund	Self- Insurance Fund	Total Nonmajor Internal service funds
<b>ASSETS</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 1,156,635	\$ 1,609,833	\$ 2,766,468
Accounts receivable	66,041	31,542	97,583
Inventories	217,522	-	217,522
Total current assets	<u>1,440,198</u>	<u>1,641,375</u>	<u>3,081,573</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>1,440,198</u>	<u>1,641,375</u>	<u>3,081,573</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	300,377	-	300,377
Total deferred outflows of resources	<u>300,377</u>	<u>-</u>	<u>300,377</u>
Total assets and deferred outflows of resources	<u>\$ 1,740,575</u>	<u>\$ 1,641,375</u>	<u>\$ 3,381,950</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 83,740	\$ 292,811	\$ 376,551
Accrued liabilities	11,934	-	11,934
Compensated absences	49,687	-	49,687
Total current liabilities	<u>145,361</u>	<u>292,811</u>	<u>438,172</u>
Noncurrent liabilities:			
Net pension liability	687,563	-	687,563
Compensated absences	15,731	-	15,731
Total noncurrent liabilities	<u>703,294</u>	<u>-</u>	<u>703,294</u>
Total liabilities	<u>848,655</u>	<u>292,811</u>	<u>1,141,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	10,156	-	10,156
Total deferred inflows of resources	<u>10,156</u>	<u>-</u>	<u>10,156</u>
Total liabilities and deferred inflows of resources	<u>858,811</u>	<u>292,811</u>	<u>1,151,622</u>
<b>NET POSITION</b>			
Restricted for:			
Unrestricted	881,764	1,348,564	2,230,328
Total net position	<u>\$ 881,764</u>	<u>\$ 1,348,564</u>	<u>\$ 2,230,328</u>

**Park City Municipal Corporation**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal service funds**  
**For the Year Ended June 30, 2019**

	Fleet Services Fund	Self- Insurance Fund	Total Internal service funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,949,000	\$ 1,312,216	\$ 4,261,216
Total operating revenues	<u>2,949,000</u>	<u>1,312,216</u>	<u>4,261,216</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	1,105,619	-	1,105,619
Supplies, maintenance and services	751,834	1,127,296	1,879,130
Energy and utilities	1,088,415	-	1,088,415
Total operating expenses	<u>2,945,868</u>	<u>1,127,296</u>	<u>4,073,164</u>
Operating income	<u>3,132</u>	<u>184,920</u>	<u>188,052</u>
Change in net position	3,132	184,920	188,052
Total net position - beginning	878,632	1,163,644	2,042,276
Total net position - ending	<u>\$ 881,764</u>	<u>\$ 1,348,564</u>	<u>\$ 2,230,328</u>

**Park City Municipal Corporation  
Statement of Cash Flows  
Internal service funds  
For the Year Ended June 30, 2019**

	Fleet Services Fund	Self- Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 2,971,536	\$ 1,289,357	\$ 4,260,893
Payments to employees	(1,033,900)	-	(1,033,900)
Payments to suppliers	(1,929,853)	(1,059,006)	(2,988,859)
Net cash provided by operating activities	<u>7,783</u>	<u>230,351</u>	<u>238,134</u>
Net increase in cash and cash equivalents	7,783	230,351	238,134
Balances - beginning of year	1,148,852	1,379,482	2,528,334
Balances - end of the year	<u>\$ 1,156,635</u>	<u>\$ 1,609,833</u>	<u>\$ 2,766,468</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating Income	\$ 3,132	\$ 184,920	\$ 188,052
Adjustments to reconcile operating income to net cash provided by operating activities:			
Pension Expense	76,064	-	76,064
Changes in assets and liabilities:			
Accounts receivable	22,536	(22,859)	(323)
Inventory	26,048	-	26,048
Accounts and other payables	(115,652)	68,290	(47,362)
Accrued liabilities	1,508	-	1,508
Compensated absences	(5,853)	-	(5,853)
Net cash provided by operating activities	<u>\$ 7,783</u>	<u>\$ 230,351</u>	<u>\$ 238,134</u>

## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
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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									
	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 126,232,311	\$ 133,919,927	\$ 136,071,293	\$ 142,887,371	\$ 150,053,024	\$ 159,315,342	\$ 169,437,708	\$ 182,684,418	\$ 190,028,413	\$ 200,327,763
Restricted	6,608,983 (2)	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 (2)
Unrestricted	41,854,555 (2)	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)	50,175,273 (2)
Total governmental activities net position	\$ 174,695,849	\$ 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
<b>Business-type activities</b>										
Net investment in capital assets	\$ 45,544,573	\$ 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
Restricted	3,489,981 (2)	2,213,200 (2)	449,859 (2)	- (2)	- (2)	- (2)	- (2)	- (2)	- (2)	- (2)
Unrestricted	18,796,898 (2)	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 (2)
Total business-type activities net position	\$ 67,831,452	\$ 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
<b>Primary government</b>										
Net investment in capital assets	\$ 171,776,884	\$ 185,157,637	\$ 192,939,010	\$ 200,625,551	\$ 208,942,336	\$ 220,380,226	\$ 233,610,613	\$ 273,727,467	\$ 294,285,169	\$ 313,830,787
Restricted	10,098,964	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
Unrestricted	60,651,453	59,170,540	66,522,774	66,210,038	57,119,569	59,979,971	63,767,697	59,427,084	63,642,799	65,169,526
Total primary government net position	\$ 242,527,301	\$ 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

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									
	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	2019
<b>Expenses</b>										
Governmental activities:										
General government	\$ 15,424,562	\$ 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
Public safety	4,410,647	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
Public works	8,186,146	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
Library and recreation	3,252,784	3,146,783	3,707,452	4,194,025	4,408,912	4,618,338	5,671,823	5,843,178	5,729,489	5,729,844
Interest on long-term debt	2,213,998	2,039,807	1,812,222	1,588,388	1,552,101	1,285,952	1,456,433	1,366,939	2,537,159	3,558,891
Total governmental activities expenses	33,488,137	31,125,975	33,807,479	33,423,756	36,009,826	37,375,073	39,599,428	42,637,152	44,003,209	46,721,147
Business-type activities:										
Water	9,220,606	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
Stormwater	-	-	-	-	-	-	-	1,162,202 (10)	921,138	1,470,837
Transportation and parking	9,406,997	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
Golf course	1,182,865	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
Total business-type activities expenses	19,810,468	18,893,620	20,466,878	22,005,063	23,499,302	24,186,666	26,277,307	29,642,649	35,382,919	39,058,683
Total primary government expenses	\$ 53,298,605	\$ 50,019,595	\$ 54,274,357	\$ 55,428,819	\$ 59,509,128	\$ 61,561,739	\$ 65,876,735	\$ 72,279,801	\$ 79,386,128	\$ 85,779,830
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 1,535,425	\$ 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
General government	2,550	2,700	6,593	12,313	100	-	3,996	9,685	2,880	10
Public safety	201,643	219,843	222,708	246,390	190,022	224,820	200,761	174,917	189,117	129,171
Library and recreation	1,107,536	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
Operating grants and contributions	88,142	126,759	151,111	350,332	165,147	121,866	145,704	187,166	161,075	195,542
Capital grants and contributions	8,827,676	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
Total governmental activities program revenues	11,762,972	3,793,811	5,071,756	5,338,984	7,452,226	8,754,913	5,705,095	7,946,312	15,462,657	8,784,711
Business-type activities:										
Charges for services	7,370,380	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
Water	-	-	-	-	-	-	-	979,419 (10)	1,277,767	1,572,044
Stormwater	3,842,616	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
Transportation and parking	843,621	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
Golf course	3,219,683	-	3,681,732	-	1,649,174	1,602,990	-	2,813,864	2,307,083	-
Operating grants and contributions	4,449,296	6,367,580	4,856,335	2,373,881	3,353,572	4,186,198	1,956,426	14,612,663	2,439,682	6,524,981
Capital grants and contributions	19,725,596	19,158,321	22,974,782	19,696,550	23,125,475	25,327,550	22,799,983	42,024,201	34,941,795	38,949,028
Total business-type activities program revenues	31,488,568	22,952,132	28,046,538	25,055,534	30,577,701	34,082,463	28,505,078	49,970,513	50,404,452	47,733,739
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (21,725,165)	\$ (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)
Business-type activities	(84,872)	2,647,001	2,507,904	(2,308,513)	(373,827)	1,140,884	(3,477,324)	12,381,552	(441,124)	(109,655)
Total primary government net expense	\$ (21,810,037)	\$ (27,067,463)	\$ (26,227,819)	\$ (30,373,285)	\$ (28,931,427)	\$ (27,479,276)	\$ (37,371,657)	\$ (22,309,288)	\$ (28,981,676)	\$ (38,046,091)

Schedule 2, Continued  
 Park City Municipal Corporation, Utah  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012 (1)	2013	2014 (1)	2015	2016 (1)	2017 (1)	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property tax, levied for general purposes	\$ 11,921,879	\$ 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
Property tax, levied for debt service	4,009,000	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
General sales and use tax	3,990,274	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
Franchise tax	2,774,319	2,906,982	2,816,070	3,037,407	3,158,716	3,061,207	3,183,820	3,194,392	3,147,847	3,230,881
Resort tax	4,483,804	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
Investment earnings	753,587	399,928	283,191	258,657	348,090	261,735	434,588	582,208	1,122,856	2,297,088
Miscellaneous	1,124,367	1,022,968	944,093	1,203,599	1,594,150	804,286	492,730	4,856,960	1,776,504	2,963,178
Gain/Loss on sale of capital assets	-	215,705	-	-	-	-	1,328,784	-	-	74,891
Transfers	(1,132,821)	(168,969)	-	-	-	715,000	715,000	(7,534,613)	715,000	715,000
Total governmental activities	27,924,409	30,378,531	31,990,775	32,836,029	36,455,289	37,771,656	40,970,638	37,543,324	48,288,182	53,962,087
Business-type activities:										
General sales and use tax	3,127,767	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
Investments earnings	339,629	438,221	247,058	196,237	358,535	367,709	327,289	402,924	372,627	581,900
Miscellaneous	362,277	402,326	434,097	423,865	497,745	506,817	458,603	456,419	475,021	(247,123)
Transfers	1,132,821	168,969	-	-	-	(715,000)	(715,000)	7,534,613	(715,000)	(715,000)
Total business-type activities	4,962,494	4,512,956	4,479,280	4,488,366	4,875,413	4,558,405	4,947,990	13,027,150	5,750,513	5,748,108
Total primary government	\$ 32,886,903	\$ 34,891,487	\$ 36,470,055	\$ 37,324,395	\$ 41,330,702	\$ 42,330,061	\$ 45,918,628	\$ 51,170,474	\$ 54,038,695	\$ 59,710,195
<b>Change in Net Position</b>										
Governmental activities	\$ 6,199,244	(2)	\$ 3,255,052	\$ 4,771,257	\$ 7,897,689	(4)	\$ 9,151,496	\$ 2,852,484	(11)	\$ 19,747,630
Adjustment to governmental activities net position	-	-	-	-	(5,271,783)	(5)	-	7,366,587	(9)	7,142,027
Business-type activities	4,877,622	4,777,657	6,987,184	2,179,853	4,501,586	5,699,289	1,470,666	26,008,702	(12)	5,309,389
Adjustment to business-type activities net position	-	-	-	-	(1,697,021)	(5)	-	(209,933)	(13)	-
Total primary government	\$ 11,076,866	\$ 7,824,024	\$ 10,242,236	\$ 6,951,110	\$ 5,430,471	(6)	\$ 15,913,558	\$ 35,793,280	\$ 25,057,019	\$ 21,664,104

Notes:

- (1) Restated.
- (2) Increase in governmental activities net position is due to increases in capitalizable grants and contributions.
- (3) Decrease in governmental activities net position is due to decreases in capitalizable grants and contributions.
- (4) Increase in governmental activities net position is due to increases in resort tax collected.
- (5) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014.
- (6) Increase in total primary government net position is due to restatement of fiscal year 2014 for the implementation of GASB 68.
- (7) Decrease in governmental activities net position is due to increased expenses in general government and decreases in capital grants and contributions.
- (8) Decrease in business-type activities net position is due to increased expenses in water and transportation and decreases in operating grants and contributions.
- (9) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (10) Stormwater fund was added in fiscal year 2017.
- (11) Decrease in governmental activities net position is due to increased capital outlay.
- (12) Increase in business-type activities net position is due to increases in capitalizable grants and contributions.
- (13) Fiscal year 2018 - Capital asset adjustment, required restatement of fiscal year 2017.
- (14) Increase in governmental activities net position is due to increases in capitalizable grants and contributions and increases in tax revenues.
- (15) Decrease in business-type activities net position is due to decreases in capitalizable grants and contributions.

Schedule 3  
 Park City Municipal Corporation, Utah  
 Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund	\$ 3,894,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-	494,360
Interfund loan	-	-	-	-	-	-	-	-	86,867	55,761
Inventory	-	-	-	-	-	-	-	-	50,719	30,226
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
Restricted - Drug and tobacco enforcement	-	31,258	36,517	47,776	46,402	47,201	48,640	59,674	57,571	58,940
Total general fund	\$ 3,894,972	\$ 4,240,278	\$ 4,048,142	\$ 5,562,903	\$ 6,717,118	\$ 6,883,394	\$ 6,828,314	\$ 7,556,951	\$ 7,925,390	\$ 9,344,706
All other governmental funds										
Reserved	\$ 6,608,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Major capital projects funds-capital projects	1,115,930	-	-	-	-	-	-	-	-	-
Major debt service funds-capital projects	3,880	-	-	-	-	-	-	-	-	-
Major debt service	680,861	-	-	-	-	-	-	-	-	-
Nonmajor debt service funds-debt service	26,618,929 (1)	-	-	-	-	-	-	-	-	-
Unreserved, designated	1,948,358	-	-	-	-	-	-	-	-	-
Major capital projects funds	1,084,351	-	-	-	-	-	-	-	-	-
Nonmajor capital projects funds	203,868	-	-	-	-	-	-	-	-	-
Major debt service funds	-	-	-	-	-	-	-	-	-	-
Nonmajor debt service funds	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	6,496,859	-	-	-	-	-	-	-	-	-
Major capital projects funds	1,215,873	-	-	-	-	-	-	-	-	-
Major debt service funds	-	-	-	-	-	-	-	-	-	-
Nonmajor capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital projects	-	4,490,602 (2)	1,261,260	708,350	6,866,835	12,779,745	7,872,086	7,545,300	12,804,288	31,699,288
Debt service	-	1,489	2,410	817	952	88,037	2,496	3,816	11,900	652,977
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	45,456,335
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
Special revenue funds	-	-	-	-	-	-	516,758	785,600	1,591,335	2,517,207
Total all other governmental funds	\$ 45,977,892	\$ 40,565,756	\$ 34,612,763	\$ 33,660,551	\$ 40,766,656	\$ 44,987,036	\$ 45,057,295	\$ 38,778,083	\$ 55,139,889	\$ 82,454,837

Notes:  
 (1) Designated fund balance includes a transfer from the general fund to the capital projects improvement fund per the City's budget, as follows: fiscal year 2008-transfer of \$4.8M; fiscal year 2009-transfer of \$2.8M; fiscal year 2010-transfer of \$1.6M.  
 (2) Fiscal year 2011 - Implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019			
<b>Revenues</b>													
Taxes and special assessments	\$ 27,038,657	\$ 28,939,586	\$ 30,705,261	\$ 31,399,695	\$ 34,486,284	\$ 33,269,379	\$ 35,194,462	\$ 36,830,205	\$ 41,592,343	\$ 44,639,085			
Licenses and permits	808,055	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			
Intergovernmental	690,912	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			
Charges for services	1,705,148	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			
Fines and forfeitures	40,562	28,833	29,404	35,342	21,648	14,206	26,902	42,834	35,327	23,108			
Investment income	753,587	399,928	283,191	258,657	348,090	261,735	434,588	582,208	1,122,856	2,297,089			
Impact fees	109,553	191,521	133,421	201,235	397,737	817,666	425,365	308,786	432,381	620,441			
Rental and other miscellaneous	2,843,770	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			
Total revenues	33,990,244	35,033,745	37,222,327	38,239,257	43,790,894	47,679,704	45,497,098	51,430,667	57,510,047	60,162,813			
<b>Expenditures</b>													
General government	9,926,208	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			
Public safety	4,118,458	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			
Public works	4,366,909	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			
Library and recreation	2,608,012	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			
Debt Service													
Principal retirement	5,955,275	5,349,796	5,424,637	4,664,880	5,220,496	18,086,533	5,118,024	4,850,000	8,625,000	11,580,000			
Interest	2,065,562	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			
Bond issuance costs	137,262	51,663	-	-	123,931	503,979	-	155,239	223,553	529,457			
Arbitrage rebate	31,874	-	-	-	-	-	-	-	-	-			
Capital outlay	33,827,783	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			
Economic development	-	-	-	-	-	405,435	951,268	864,697	870,588	878,578			
Total expenditures	63,037,343	42,256,836	47,649,884	38,913,294	45,661,512	73,960,780	48,468,927	89,581,374	84,113,649	119,706,681			
Revenues (under) expenditures	(29,047,099)	(7,223,091)	(10,427,557)	(674,037)	(1,870,618)	(26,281,076)	(2,971,829)	(38,150,707)	(26,603,602)	(59,543,868)			
<b>Other financing sources (uses)</b>													
Debt issuance	6,092,683	-	-	-	7,170,000	16,975,000	-	25,000,000	31,940,000	75,065,000			
Refunding bonds issued	2,025,000	1,525,000	-	-	1,930,000	10,110,000	-	-	-	4,290,000			
Payment to refunded bondholders	-	(2,655,000)	-	-	(1,930,000)	-	-	-	-	(4,290,000)			
Payment to refunded bond escrow agent	(2,055,334)	-	-	-	-	-	-	-	-	-			
Premium on debt issuance	89,739	-	-	-	92,774	773,546	-	2,863,698	3,287,871	9,840,127			
Premium on refunding bonds	59,922	33,592	-	-	50,769	673,841	-	-	-	482,659			
Payment received on note	-	-	-	-	1,375,000	-	-	-	-	-			
Discount on debt issuance	-	-	-	-	-	-	-	-	-	-			
Sale of capital assets	4,155,231	1,124,436	2,290,798	17,586	146,554	23,811	755,648	2,363,887	5,553,794	241,682			
Transfers in	12,836,826	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			
Transfers out	(10,706,871)	(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)			
Total other financing sources	12,497,196	2,156,261	4,282,428	1,236,586	10,130,938	30,667,732	2,987,008	32,600,132	43,333,847	88,278,132			
Net change in fund balances	\$(16,549,903)	\$(5,066,830)	\$(6,145,129)	\$ 562,549	\$ 8,260,320	\$ 4,386,656	\$ 15,179	\$(5,550,575)	\$ 16,730,245	\$ 28,734,264			
Debt Service as a percentage of noncapital expenditures	23.7%	(1)	20.5%	(1)	19.0%	(1)	16.9%	(1)	15.9%	(1)	24.4%	(1)	29.5%

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)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise Tax</u>	<u>Resort Tax (2)</u>	<u>Total</u>
2010	\$ 11,750,185	\$ 3,990,274	\$ 2,774,319	\$ 4,483,804	\$ 22,998,582
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
<b>2019</b>	<b>17,336,112</b>	<b>6,403,710</b>	<b>3,230,881</b>	<b>8,723,912</b>	<b>35,694,615</b>

Change:

2010-2019	47.5%	60.5%	16.5%	94.6%	55.2%
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Note:

- (1) Includes general fund, capital improvement fund and debt service funds.
- (2) Fiscal years 2011 through 2018 have been restated to include the full amount of the Resort Tax received.

**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>
2009	\$ 6,026,603	\$ 543,548	\$ 351,478	\$ 6,921,629	\$ 8,028,606	0.002148 %
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
<b>2018</b>	<b>8,380,192</b>	<b>857,857</b>	<b>89,161</b>	<b>9,327,210</b>	<b>10,436,645</b>	<b>0.001934</b>

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 (2)**  
**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>
2009	\$ 6,026,603	\$ 543,548	\$ 351,478	\$ 11,815	\$ 6,933,444
2010	5,501,360	552,927	344,217	13,509	6,412,013
2011	5,858,428	781,086	457,203	12,755 (1)	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
<b>2018</b>	<b>8,380,192</b>	<b>857,857</b>	<b>89,161</b>	<b>17,484</b>	<b>9,344,694</b>

Source: Utah State Tax Commission, Property Tax Division

Notes:

- (1) The State's method of calculating the Fee-In-Lieu was changed in 2011, previous years were recalculated using the new formula.
- (2) 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 8**  
**Park City Municipal Corporation, Utah**  
**Taxable Retail Sales by Category**  
**Last Ten Calendar Years**  
**(in thousands of dollars)**

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apparel stores	\$ 19,710	\$ 21,833	\$ 25,919	\$ 24,069	\$ 22,927	\$ 25,777	\$ 35,245	\$ 34,510	\$ 65,299	\$ 67,912
Food stores	60,784	60,269	64,592	67,066	56,238	57,809	60,862	64,630	67,490	65,618
Sporting goods, hobby, book and music	29,779	35,891	40,163	38,638	40,609	40,524	43,363	45,380	47,282	48,461
Home furnishings and appliances	12,363	21,785	21,745	20,849	12,394	12,730	12,735	14,806	12,250	17,707
Building materials and farm tools	4,871	2,735	2,704	2,819	3,654	3,652	5,695	6,199	4,750	5,000
Miscellaneous retail stores	23,798	26,427	26,894	27,985	25,884	29,162	30,691	31,403	13,044	16,331
All other outlets	6,953	3,698	3,484	3,674	4,452	4,329	4,283	5,240	1,989	3,314
<b>Total</b>	<b>\$ 158,258</b>	<b>\$ 172,638</b>	<b>\$ 185,501</b>	<b>\$ 185,100</b>	<b>\$ 166,158</b>	<b>\$ 173,983</b>	<b>\$ 192,874</b>	<b>\$ 202,168</b>	<b>\$ 212,104</b>	<b>\$ 224,343</b>
City direct sales tax rate	2.40 %	2.40 %	2.40 %	2.40 %	2.90 %	2.90 %	2.90 %	2.90 %	3.15 %	3.15 %

Source: Utah State Tax Commission website: Taxable Sales by Major City

Note:

(1) 2008 - Sporting goods, hobby, book and music, previously classified in Miscellaneous retail stores, became a significant amount and was separated into a new category.

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	
	General Obligation				Summit County Levy	State Assessment/Collecting	Weber Basin		Park City		Summit Co.		
	Basic Rate	Debt Service	Total Direct				Water	Fire	School	Mosquito Abatement			

2009	0.001327	0.000821	0.002148	0.000746	0.000202	0.000188	0.000849	0.004018	0.000034	0.008185
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
<b>2018</b>	<b>0.001202</b>	<b>0.000732</b>	<b>0.001934</b>	<b>0.000831</b>	<b>0.000169</b>	<b>0.000164</b>	<b>0.000726</b>	<b>0.004408</b>	<b>0.000030</b>	<b>0.008262</b>

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>
2010	2.40 %	0.35 %	4.70 %	7.45 %
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
<b>2019</b>	<b>3.15</b>	<b>1.05 (5)</b>	<b>4.85</b>	<b>9.05</b>

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	2019			2010		
	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)	\$ 179,040,000	1	1.95 %	\$ 42,115,280	4	0.41 %
Marriott Ownership Resorts	115,931,590	2	1.26	118,569,950	1	2.09
DVP LLC	41,000,000	3	0.45	24,398,804	-	-
SR Silver Lake LLC	38,350,000	4	0.42	-	-	-
VR CPC Holdings Inc. (Vail Resorts)	33,596,220	5	0.37	43,668,615	3	0.64
Deer Valley Resort	26,261,770	6	0.29	41,821,370	-	-
Chateaux at Silver Lake	21,900,400	7	0.24	-	-	-
Redus Park City LLC	20,461,040	8	0.22	-	-	-
Silver Lake Development Corp.	19,540,360	9	0.21	-	-	-
HA Daisy Yoonhee Trustee	16,630,000	10	0.18 (1)	-	-	-
Flagstaff Residences, LLC	-	-	-	65,201,000	2	0.28
Silver Baron Partners	-	-	-	22,497,735	5	0.19
Lookout Developers	-	-	-	18,980,000	6	0.18
Paladin Development	-	-	-	18,000,000	7	0.16
Powder Development Company	-	-	-	15,050,255	8	0.12
<b>Totals</b>	<b>\$ 512,711,380</b>		<b>5.58 %</b>	<b>\$ 410,303,009</b>		<b>4.07 %</b>

Source: Summit County Treasurer and Park City Finance Department.

Notes:  
(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	Collected Within the Year of the Levy				Collections in Subsequent Years	Total Collections to Date	
	Original Levy (1)	Adjusted Levy	Amount (2)	Percent of Adjusted Levy		Amount (2)	Percent of Net Levy
<b>Summit County</b>							
2009	\$ 12,401,579	\$ 12,194,585	\$ 11,379,638	\$ 93.32 %	\$ 814,947	\$ 12,194,585	100.00 %
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	44,179	14,952,379	99.87
2017	17,140,149	17,267,842	17,167,415	99.42	58,523	17,225,938	99.76
<b>2018</b>	<b>17,403,473</b>	<b>17,509,422</b>	<b>17,342,944</b>	<b>99.05</b>	-	<b>17,342,944</b>	<b>99.05</b>
<b>Wasatch County</b>							
2009	\$ 346,442	\$ 287,560	\$ 287,560	\$ 100.00 %	\$ -	\$ 287,560	100.00 %
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	98.04
2017	639,263	640,331	633,356	98.91	-	633,356	98.91
<b>2018</b>	<b>626,749</b>	<b>624,919</b>	<b>608,868</b>	<b>97.43</b>	-	<b>608,868</b>	<b>97.43</b>

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.

**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>
2009	\$ 12,482,145	\$ 11,667,198	93.47 %	\$ 814,947	\$ 12,482,145	100.00 %
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	44,179	15,522,976	99.80
2017	17,908,173	17,800,771	99.40	58,523	17,859,294	99.73
<b>2018</b>	<b>18,134,341</b>	<b>17,951,812</b>	<b>98.99</b>	<b>-</b>	<b>17,951,812</b>	<b>98.99</b>

Source: Summit and Wasatch County Annual Financial Reports, and Park City Finance Department form Schd 12.

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			
	General Obligation Bonds (1)	Redevelopment Bonds	Sales Tax Increment Bonds (1)	Municipal Building Authority	Contracts Payable	Water Bonds (1)	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2010	\$ 39,375,000 (3)	\$ 2,655,000	\$ 11,835,000	\$ 844,981	\$ 469,385	\$ 41,236,000 (4)	\$ 96,415,366	4.17 %	\$ 11,869
2011	36,135,000	-	11,915,000 (5)	244,981	404,589	39,677,000	88,376,570	3.87	11,635
2012	32,810,000	-	10,130,000	-	334,933	42,246,000 (6)	85,520,933	3.52	11,332
2013	29,385,000	-	8,965,000	-	2,760,053	44,810,000 (7)	85,920,053	3.17	11,156
2014	32,615,000 (8)	-	7,765,000	-	2,679,557	46,215,000 (9)	89,274,557	3.20	11,339
2015	28,850,000 (10)	-	23,115,000 (11)	-	93,024	43,425,000	95,483,024	3.21	11,849
2016	25,635,000	-	21,305,000	-	-	40,545,000	87,485,000	4.19	10,763
2017	47,335,000 (12)	-	19,755,000	-	-	37,565,000	104,655,000	3.93	12,611
2018	42,390,000	-	48,015,000 (13)	-	-	34,450,000	124,855,000	3.51	14,903
<b>2019</b>	<b>82,340,000 (14)</b>	-	<b>71,550,000 (15)</b>	-	-	<b>31,195,000</b>	<b>185,085,000</b>	<b>2.37</b>	<b>22,353</b>

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 GO Bonds Series 2010 for \$8.0 million in fiscal year 2010.
- (4) The City issued Water Revenue Bonds Series 2009 and 2010 for \$37.9 million in fiscal year 2010.
- (5) The City issued Sales Tax Bonds Series 2010 for \$1.5 million in fiscal year 2011.
- (6) The City issued Water Revenue Bonds Series 2012 for \$4.2 million in fiscal year 2012.
- (7) The City issued Water Revenue Bonds Series 2012B, 2013A and 2013B for \$8.6 million in fiscal year 2013.
- (8) The City issued GO Bonds Series 2013 for \$9.1 million in fiscal year 2014.
- (9) The City issued Water Revenue Bonds Series 2014 for \$4.1 million in fiscal year 2014.
- (10) The City issued GO Bonds Series 2014 for \$3.4 million in fiscal year 2015.
- (11) 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.
- (12) The City issued GO Bonds Series 2017 for \$27.8 million in fiscal year 2017.
- (13) The City issued Sales Tax Bonds Series 2017 for \$31.9 million, in fiscal year 2018.
- (14) The City issued GO Bonds Series 2019 for \$48.3 million in fiscal year 2019.
- (15) The City issued Sales Tax Bonds Series 2019 for \$26.8 million, in fiscal year 2019.

**Schedule 15**  
**Park City Municipal Corporation, Utah**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Bonded Debt</b>			<b>Percentage of Actual Property Value (2)</b>	<b>Per Capita (3)</b>
	<b>General Obligation Bonds (1)</b>	<b>Redevelopment Bonds</b>	<b>Total</b>		
2010	\$ 39,375,000	\$ 2,655,000	\$ 42,030,000	0.52 %	\$ 5,174
2011	36,135,000	-	36,135,000	0.50	4,757
2012	32,810,000	-	32,810,000	0.42	4,347
2013	29,385,000	-	29,385,000	0.38	3,815
2014	32,615,000	-	32,615,000	0.42	4,143
2015	28,850,000	-	28,850,000	0.36	3,580
2016	25,635,000	-	25,635,000	0.30	3,154
2017	47,335,000	-	47,335,000	0.55	5,704
2018	42,390,000	-	42,390,000	0.44	5,060
<b>2019</b>	<b>82,340,000</b>	<b>-</b>	<b>82,340,000</b>	<b>0.79</b>	<b>9,944</b>

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, 2019**

<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>
<b>Debt repaid with property taxes</b>			
Snyderville Basin Recreation District Tax District	\$ 28,490,000	11.47 %	\$ 3,267,803
Wasatch County	1,345,000	3.96	53,262
Wasatch County School District	101,422,323	3.96	4,016,324
Weber Basin Water Conservancy District	11,650,000	14.63	1,704,395
<b>Other debt</b>			
Summit County	28,111,000	44.50	12,509,395
Wasatch County	6,985,000	3.96	276,606
Subtotal, overlapping debt			21,827,786
City direct debt			<u>153,890,000</u>
Total direct and overlapping			<u>\$ 175,717,786</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 242,939,444	\$ 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
Total net debt applicable to limit	<u>39,375,000</u>	<u>36,135,000</u>	<u>32,810,000</u>	<u>29,385,000</u>	<u>32,615,000</u>	<u>28,850,000</u>	<u>25,635,000</u>	<u>47,335,000</u>	<u>42,390,000</u>	<u>82,340,000</u>
Legal debt margin	<u>\$ 203,564,444</u>	<u>\$ 237,693,091</u>	<u>\$ 233,293,174</u>	<u>\$ 239,630,017</u>	<u>\$ 248,084,514</u>	<u>\$ 264,848,934</u>	<u>\$ 287,181,159</u>	<u>\$ 281,778,324</u>	<u>\$ 303,503,884</u>	<u>\$ 290,748,393</u>
Total net debt applicable to the limit as a percentage of debt limit	16.21%	13.20%	12.33%	10.92%	11.62%	9.82%	8.19%	14.38%	12.26%	22.07%

Legal Debt Margin Calculation for Fiscal Year 2019

Total assessed value	<u>\$ 9,327,209,835</u>
Debt limit - 4.0% of total assessed value	<u>\$ 373,088,393</u>
Amount of debt applicable to debt limits:	
General Obligation Bonds 2009, 2010B, 2013A, 2017 and 2019	82,340,000
Less: Amount available for repayment of general obligation bonds	-
Total net debt applicable to limit	<u>82,340,000</u>
Legal debt margin	<u>\$ 290,748,393</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>		
2010	\$ 8,474,078	\$ 1,400,000	\$ 528,962	4.4	
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	
<b>2019</b>	<b>15,127,622</b>	<b>3,240,000</b>	<b>2,110,324</b>	<b>2.8</b>	

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, 2019

		<u>Coverage Ratio</u>	
		<u>Actual</u>	<u>Minimum</u>
Net revenues (change in net position)	\$ 6,190,191		
Add			
Excluded transfer to general fund	1,515,221		
Depreciation and amortization	3,494,887		
Bond interest expense	<u>1,144,869</u>		
Revenues pledged to debt	<u>12,345,168</u>	2.81	1.20
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009A Water Bonds-DEQ	\$ 125,000	\$ 2,500	\$ 127,500
2009B Water Revenue and Refunding Bonds	1,810,000	88,994	1,898,994
2009C Water Revenue Bonds	-	510,902	510,902
2010 Water Revenue Bonds	825,000	203,266	1,028,266
2012 Water Revenue Bonds	265,000	67,321	332,321
2012B Water Revenue and Refunding Bonds	-	118,332	118,332
2013 A and B Water Revenue and Refunding Bonds	230,000	36,147	266,147
2014 Water Revenue Bonds	<u>-</u>	<u>117,407</u>	<u>117,407</u>
	\$ 3,255,000	\$ 1,144,869	\$ 4,399,869
Less water development fees and capital contributions collected in fiscal year 2019		(2,088,783)	
Net revenues less development fees and capital contributions		<u>\$ 10,256,385</u>	2.33 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
2010	\$ (863,388)	\$ 1,544,407	\$ 849,263	1.82	\$ 2,159,954	\$ 849,263	2.54
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	<b>6,190,191</b>	<b>10,256,385</b>	<b>4,399,869</b>	<b>2.33</b>	<b>12,345,168</b>	<b>4,399,869</b>	<b>2.81</b>

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>
2010	8,123	\$ 2,311,000	\$ 63,832	35.5	4,563	7.1 %
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
<b>2019</b>	<b>8,280</b>	<b>4,380,364</b>	<b>108,675</b>	<b>40.3</b>	<b>4,780</b>	<b>2.7</b>

Sources:

Utah Department of Workforce Services  
Park City School District  
Park City Chamber & Visitors Bureau  
Summit County Annual Financial Reports

Note:

(1) Applies to Summit County.

**Schedule 21**  
**Park City Municipal Corporation, Utah**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2019 (1)				2010 (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 %	2,300	200	1	17.38 %
Park City Mountain Resort	1999	1000	2	8.22	1250	155	2	8.69
Montage Hotels & Resorts, LLC	999	500	3	2.58	430	290	6	3.72
Park City School District	780	728	4	3.21	785	604	3	7.16
Stein Eriksen Lodge	627	522	5	2.66	487	405	4	4.44
Park City Municipal Corporation	647	512	6	4.11	-	-	-	-
IHC/Park City Surgical Center	499	250	7	2.05	-	-	-	-
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	-	-	-	-
Premier Resorts of Utah	-	-	-	-	460	250	5	4.24
Park City Marriott (Olympia Park Hotel)	-	-	-	-	215	110	7	1.99
Jan's	-	-	-	-	190	55	8	1.75
Marriott Resorts	-	-	-	-	148	125	9	1.49
Fresh Market (Albertson's)	-	-	-	-	140	60	10	1.30
Total	9,297	5,812		38.23 %	6,405	2,254		52.16 %

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**

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Full-time Equivalent Employees</b>										
General government										
Executive	4.5	4.5	5.1	5.5	5.1	4.0	4.0	4.1	4.6	<b>6.0 (7)</b>
Finance	6.8	6.8	6.8	6.8	6.7	6.7	6.7	6.7	6.6	<b>6.2</b>
Human resources	7.0	6.9	6.9	5.3	5.1	5.1	5.1	5.1	5.1	<b>6.3</b>
Budget, debt and grants	2.0	2.0	2.0	1.3	3.0	3.3	3.3	3.3	3.3	<b>3.5</b>
Planning	7.0	6.0	7.0	7.0	8.0	9.0	9.2	9.7	10.0	<b>10.2</b>
Building	15.8	14.8	13.0	13.0	13.0	15.0	16.0	17.3	17.6	<b>19.2</b>
Engineering	3.0	3.0	2.8	2.7	2.8	2.8	4.0	4.3	4.8	<b>5.5</b>
Legal	7.8	7.8	7.8	7.0	7.0	7.0	7.0	7.0	7.0	<b>7.1</b>
Sustainability	6.0 (1)	6.0	9.8	9.7	10.9	11.3	11.3	12.3	13.8	<b>12.8</b>
I.T.	-	9.8 (2)	9.8	10.8	9.5	9.5	9.5	9.5	8.5	<b>8.5</b>
Other	14.9	5.5	5.0	5.1	5.0	6.0	6.0	6.0	6.0	<b>7.5</b>
Public safety										
Police	35.2	34.9	34.0	33.9	34.6	34.0	34.0	36.5	41.1	<b>41.3</b>
Communication center	10.0	10.0	10.0	10.4	10.4	10.4	10.4	10.4	2.5	-
Other	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	<b>1.5</b>
Public works										
Transit	76.3	81.8	82.5	82.9	80.8	77.2	75.6	75.7	107.8 (6)	<b>123.8 (6)</b>
Fleet services	8.0	8.0	8.0	8.0	8.0	9.4	9.8	9.8	9.9	<b>10.1</b>
Parking	-	-	-	-	7.8 (3)	8.0	8.2	8.2	10.5	<b>12.5</b>
Street maintenance	16.7	17.5	17.5	17.5	17.4	17.3	17.0	14.8	15.3	<b>15.3</b>
Parks and cemetery	17.2	17.3	18.8	18.2	18.2	18.6	19.0	19.0	19.0	<b>19.0</b>
Administration	2.5	-	-	-	-	-	-	-	-	-
Other	10.7	9.6	9.6	9.6	9.0	9.0	9.0	9.0	9.0	<b>9.0</b>
Library and recreation										
Library	11.2	11.2	11.4	11.4	11.4	11.4	11.9	12.3	13.0	<b>13.5</b>
Golf	6.3	5.7	5.5	5.4	5.2	6.0	6.0	7.8	7.8	<b>8.1</b>
Recreation	28.3	27.4	27.3	29.9	29.7	28.2	28.2	29.3	27.8	<b>27.0</b>
Tennis	7.7	6.9	7.4	7.9	4.0	4.7	4.7	4.7	5.2	<b>2.9</b>
Ice	11.4	11.0	11.0	9.0	8.4	11.4	11.3	12.3	11.3	<b>11.3</b>
Water										
Water billing	1.0	1.0	1.0	1.0	1.0	- (4)	-	-	-	-
Water operations	17.5	17.5	17.6	21.9	21.9	23.0	24.4	26.5	27.5	<b>29.5</b>
Stormwater										
Stormwater operations	-	-	-	-	-	-	-	6.1 (5)	6.6	<b>6.6</b>
<b>Total</b>	<b>336.2</b>	<b>334.4</b>	<b>339.1</b>	<b>342.7</b>	<b>345.4</b>	<b>349.8</b>	<b>353.1</b>	<b>369.2</b>	<b>403.1</b>	<b>423.6</b>

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 2010 the Sustainability Department was taken out of other and listed individually.
- (2) In 2011 the IT Department was taken out of other and listed individually.
- (3) In 2014 the Parking Department was added, until that time it had been outsourced.
- (4) In 2015 Water Billing was combined with Water Operations.
- (5) In 2017 the Stormwater Operations Department was created.
- (6) Significant increase in transit operators and total route miles.
- (7) McPolin Barn FTE transferred to Executive from Recreation.

**Schedule 23**  
**Park City Municipal Corporation, Utah**  
**Population Statistics**

<b>Census:</b>	<b>Calendar Year</b>	<b>Park City Population</b>	<b>Percent Change from Prior Period</b>	<b>Summit County Population</b>	<b>Percent Change from Prior Period</b>
	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	8,123	1.79	40,451	36.03
	2011	7,596	(6.49)	36,324	(10.20)
	2012	7,702	1.40	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
	<b>2018</b>	<b>8,280</b>	<b>(1.17)</b>	<b>41,933</b>	<b>2.01</b>

**Age distribution of 2018 population:**

<b>Age</b>	<b>Number</b>	<b>Percent</b>
Under 5 Years	503	6.07 %
5-14	801	9.67
15-24	1,040	12.56
25-34	1,351	16.32
35-44	871	10.52
45-54	1,292	15.60
55-64	1,342	16.21
65-74	841	10.16
75 and over	239	2.89
	<b>8,280</b>	<b>100.00 %</b>

Median age: 40.3

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>	
2010	26,736	8,123	329	%
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	
<b>2019</b>	<b>27,422</b>	<b>8,280</b>	<b>331</b>	

Sources:

Park City Chamber/Visitor Bureau

Note:

(1) 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

Fiscal Year	Pledged Sales & Use Taxes		% Change From Prior Year		Pledged Resort Tax (3)	% Change From Prior Year		Pledged Municipal Transient Room Tax	% Change From Prior Year		Total Pledged Taxes	% Change From Prior Year
	\$	%	\$	%		\$	%		\$	%		
2010	\$ 3,990,274	2.8	\$ 5,978,405	26.9	-	n/a	\$ 9,968,679	-	n/a	\$ 9,968,679	16.0	
2011	3,966,554	(0.6)	6,696,333	12.0	-	n/a	10,662,887	-	n/a	10,662,887	7.0	
2012	4,125,435	4.0	7,257,641	8.4	-	n/a	11,383,076	-	n/a	11,383,076	6.8	
2013	4,187,472	1.5	7,837,545 (1)	8.0	-	n/a	12,025,017	-	n/a	12,025,017	5.6	
2014	4,347,534	3.8	11,070,470 (2)	41.2	-	n/a	15,418,004	-	n/a	15,418,004	28.2	
2015	4,731,904	8.8	12,158,993	9.8	-	n/a	16,890,897	-	n/a	16,890,897	9.6	
2016	5,180,094	9.5	13,472,260	10.8	-	n/a	18,652,354	-	n/a	18,652,354	10.4	
2017	5,620,687	8.5	14,695,621	9.1	-	n/a	20,316,308	-	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	1,592,720 (4)	n/a	23,084,627	13.6	
<b>2019</b>	<b>6,403,710</b>	<b>8.3</b>	<b>16,915,887</b>	<b>8.6</b>	<b>2,733,084</b>	<b>71.6</b>	<b>26,052,681</b>	<b>2,733,084</b>	<b>71.6</b>	<b>26,052,681</b>	<b>12.9</b>	

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police</b>										
Physical arrests	577	583	468	616	623	516	506	449	426	<b>318</b>
Parking citations	295	102	342	326	219	282	236	291	129	<b>132</b>
Traffic citations	2,044	1,984	963	950	904	454	966	712	697	<b>608</b>
<b>Public works</b>										
Street resurfacing (tons of asphalt)	3,810	5,500	4,616	4,616	5,133	5,526	6,034	5,486	6,500	<b>6,000</b>
Potholes repaired	250	275	235	230	240	210	380	400	200	<b>800</b>
<b>Water</b>										
Number of customers	5,122	5,161	5,171	5,180	5,203	5,226	5,230	5,276	5,331	<b>5,450</b>
New connections	27	26	10	22	37	42	56	56	75	<b>82</b>
Average daily consumption (Tgal)	4,119	4,152	4,915	4,822	4,660	4,430	4,647	4,890	3,475	<b>3,475</b>
Peak daily consumption (Tgal)	8,527	8,120	8,529	8,873	8,820	7,786	7,767	8,660	5,839	<b>5,839</b>
Average monthly billings (3/4" meter)	54.68	54.82	57.61	82.51	86.22	88	83.32	105.87	90.63	<b>111.32</b>
<b>Residential billing rates</b>										
Base rate (per 3/4" meter)	23.36	25.23	28.26	33.35	39.35	44	44.07	44.95	47.65	<b>49.08</b>
Base rate (per 1" meter)	31.54	34.06	45.02	45.02	53.12	59	59.49	60.68	64.32	<b>66.25</b>
Base rate (per 1-1/2" meter)	37.40	40.39	53.38	53.38	62.99	71	70.55	71.96	76.28	<b>78.57</b>
Rate per Tgal (winter months only)	4.09	4.42	5.84	5.84	6.89	8	7.72	5.60	5.94	<b>6.12</b>
<b>Commercial billing rates</b>										
Base rate (per 3/4" meter)	30.37	32.80	43.35	43.35	51.15	57	57.29	58.44	61.95	<b>63.61</b>
Base rate (per 1" meter)	51.39	55.50	73.35	73.35	86.55	97	96.94	98.88	104.81	<b>107.95</b>
Base rate (per 1-1/2" meter)	109.78	118.56	156.69	156.69	184.89	207	207.08	211.22	223.89	<b>230.61</b>
Base rate (per 2" meter)	228.93	247.24	326.75	326.75	385.57	432	431.84	440.48	466.91	<b>480.92</b>
Base rate (per 3" meter)	595.72	643.38	850.30	850.30	1,003.35	1,124	1,123.75	1,146.23	1,215.15	<b>1,251.60</b>
Base rate (per 4" meter)	1,081.61	1,168.14	1,543.82	1,543.82	1,821.71	2,040	2,040.32	2,081.13	2,206.00	<b>2,272.18</b>
Base rate (per 6" meter)	2,039.41	2,202.56	2,910.19	2,910.19	3,434.02	3,846	3,846.10	3,923.02	4,158.40	<b>4,283.15</b>
Base rate (per 8" meter)	3,511.17	3,792.06	5,011.59	5,011.59	5,913.67	6,623	6,623.31	6,755.78	7,161.13	<b>7,375.96</b>
Rate per 1,000 gallons	4.09	4.42	5.84	5.84	6.89	8	7.72	7.87	8.34	<b>8.59</b>
<b>Building activity</b>										
Building permits issued	845	903	984	1,615	1,432	1,289	1,102	999	1,422	<b>1,252</b>
Number of residential units	30	17	24	40	51	119	57	54	66	<b>132</b>
Residential value (in thousands)	13,724	9,429	15,673	21,260	40,646	64,102	30,826	36,092	48,420	<b>97,683</b>
Commercial value (in thousands)	-	8,929	198	173	14,420	17,951	3,663	8,912	40,266	<b>46,236</b>
<b>Parks and recreation</b>										
Racquet club passes	2,263	1,368 (1)	3,304 (2)	5,037	7,038	7,893	7,922	7,067	7,415	<b>7,859</b>
Golf rounds	25,912	25,852	29,282	30,151	30,887	29,269	29,537	30,731	29,484	<b>27,382</b>
<b>Library</b>										
Total volumes borrowed	85,655	89,174	93,626	91,955	79,709 (3)	54,262 (3)	98,930 (4)	111,388	155,683 (5)	<b>193,795 (5)</b>
Circulation per capita	11	12	12	12	10	7	12	13	13	<b>14</b>
<b>Transit</b>										
Total route miles	1,075,422	1,051,995	1,111,456	1,113,567	1,116,067	986,500	1,065,755	1,141,405	1,924,148 (6)	<b>2,159,537</b>
Passengers	1,857,947	1,965,455	1,934,382	1,882,533	1,823,459	1,701,758	1,798,482	2,100,455	2,288,730 (6)	<b>2,659,826</b>

Sources: Various City departments.

Notes: Indicators are not available for the general government function.

- (1) Significant decrease in Racquet club passes, was due to the relocation of the Racquet Club to temporary facilities, during the construction of a new facility.
- (2) New PC MARC facility opened in December 2011, resulting in a large increase in pass sales.
- (3) 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.
- (4) Significant increase in Library total volumes borrowed and circulation per capita in 2015 and 2016, was due to the completion of the Library renovation.
- (5) 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).
- (6) Significant increase in total route miles in 2018 was due to the addition of several new routes including the Kamas circulator.

**Schedule 27**  
**Park City Municipal Corporation, Utah**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Area (sq. miles)	18	18	18	18	18	20	20	20	20	<b>20</b>
Police station	1	1	1	1	1	1	1	1	1	<b>1</b>
Transit buses	40	37	36	36	36	37	37	38	39	<b>47</b>
Public works										
Streets (lane miles)	111	111	111	111	126	126	126	126	126	<b>128</b>
Street lights	530	530	545	545	712	712	712	964	985	<b>985</b>
Water										
Fire hydrants	1,056	1,100	1,105	1,105	1,105	1,081	1,090	1,091	1,104	<b>1,131</b>
Water mains (miles)	127	130	131	132	135	137	140	142	142	<b>142</b>
Storage capacity (Tgal)	14,650	14,650	14,650	13,650	13,650	13,650	13,650	13,650	18,250	<b>18,250</b>
Recreation and culture										
Acreage	223	223	223	223	223	223	223	1,536 (1)	1,580	<b>1,675 (3)</b>
Parks	40	40	40	40	40	40	40	42	42	<b>42</b>
Covered picnic areas	4	4	4	4	4	4	4	6	6	<b>6</b>
Tennis courts	9	9	13	13	14	14	14	14	14	<b>14</b>
Soccer fields	6	6	6	6	6	6	6	6	6	<b>6</b>
Baseball diamonds	10	10	10	10	10	10	10	10	10	<b>10</b>
Library	1	1	1	1	1	1	1	1	1	<b>1</b>
Volumes in library	67,626	71,164	82,291	74,071	85,138	97,160	126,999	117,482	155,683 (2)	<b>193,795 (2)</b>
Golf course	1	1	1	1	1	1	1	1	1	<b>1</b>
Ice Rink	1	1	1	1	1	1	1	1	1	<b>1</b>

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.

Schedule 28  
Park City Municipal Corporation, Utah  
Schedule of Insurance in Force  
As of June 30, 2019

<u>COMPANY &amp; COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>	<u>DEDUCTIBLE</u>
<b>LIBERTY MUTUAL</b> <b>(Property Coverage) YU2-Z51-292161-028</b>	\$ 188,533,800	1/1/2020	\$ 158,157	
All other Perils				\$ 10,000
Flood				500,000
Earthquake				100,000
Data, Programs/Software & Computer Systems				500,000
<b>ST. PAUL/TRAVELERS</b> <b>(Crime Policy) 105540277</b>		1/1/2020	\$ 11,850	
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
<b>WORKERS COMPENSATION FUND</b> <b>(Workers Compensation) 1638608</b>	\$ 1,000,000	1/1/2020	\$ 136,122	\$ -
<b>STATES RISK RETENTION GROUP</b> <b>(Liability) 3000023-1</b>	\$ 10,000,000	1/1/2020	\$ 164,135	\$ 250,000
(General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability)				
<b>BEAZLEY</b> <b>(Cyber Insurance) W21274180101</b>	\$ 5,000,000	1/1/2020	\$ 32,746	\$ -
Information Security & Privacy Insurance				
<b>GLOBAL AEROSPACE</b> <b>(Drone Coverage) 9007087</b>	\$ 1,000,000	1/1/2020	\$ 630	\$ - (1)

Notes: Indicators are not available for the general government function.

(1) Drone Coverage added in FY 2019.

Schedule 29  
Park City Municipal Corporation, Utah  
Five-Year Financial Summaries  
Last Five Fiscal Years

	Fiscal Year Ended June 30				
	2019	2018	2017 (1)	2016 (1)	2015
<b>ASSETS</b>					
Cash, cash equivalents and investments held by city	\$ 68,768,707	\$ 66,635,201	\$ 64,906,033	\$ 77,276,957	\$ 74,908,660
Cash, cash equivalents and investments held by fiscal agent	30,394,766	11,398,912	6,380,142	6,690,285	10,554,094
Restricted cash, cash equivalents and investments, other	7,194,635	6,604,245	6,318,540	6,312,535	7,418,529
Receivables:					
Taxes	28,179,289	24,009,992	23,385,693	20,740,471	20,631,203
Accounts	11,479,937	9,079,648	11,928,740	2,553,439	2,166,238
Notes receivable	768,356	1,273,106	1,799,575	314,353	320,284
Inventories	864,724	794,366	665,040	772,836	927,978
Other assets	-	-	-	-	-
Prepays	2,582,703	1,263,500	2,239,181	528,089	515,520
Assets held for resale	-	166,096	-	-	-
Capital assets not being depreciated:					
Land and water rights	264,361,177	200,070,570	178,027,967	129,838,076	130,034,390
Construction in progress	30,017,548	28,003,663	12,273,194	10,931,485	13,018,693
Art	889,333	839,333	827,833	827,833	710,570
Capital assets (net of accumulated depreciation):					
Buildings	49,424,165	46,155,763	43,758,490	42,117,192	43,670,618
Improvements other than buildings	79,765,683	82,480,502	82,274,536	77,669,009	67,613,413
Vehicles and equipment	25,690,978	23,770,469	23,909,704	15,058,504	16,123,836
Infrastructure	22,956,314	23,161,347	25,660,425	29,114,178	25,053,552
Intangibles	8,486,048	8,271,741	5,608,810	5,652,891	5,691,867
Net pension assets	-	3,365	3,713	7,661	22,838
<b>Total assets</b>	<b>631,824,363</b>	<b>533,981,819</b>	<b>489,967,616</b>	<b>426,405,794</b>	<b>419,382,283</b>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	-	-	-	7,477	15,227
Deferred outflows of resources related to pensions	7,434,656	7,335,717	6,578,882	5,277,742	1,597,998
<b>Total deferred outflows of resources</b>	<b>7,434,656</b>	<b>7,335,717</b>	<b>6,578,882</b>	<b>5,285,219</b>	<b>1,613,225</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,966,218	\$ 5,395,183	\$ 10,204,455	\$ 4,243,398	\$ 4,813,660
Accrued liabilities	4,221,062	3,174,630	2,674,359	2,868,301	2,707,660
Long-term debt due within one year:					
Compensated absences	913,654	525,320	534,198	431,558	391,979
Contracts payable	-	-	-	-	93,024
General obligation bonds	5,910,000	4,360,000	4,945,000	3,300,000	3,215,000
Revenue bonds	8,035,000	6,495,000	4,720,000	4,530,000	4,690,000
Long-term debt due in more than one year:					
Compensated absences	313,404	699,776	670,641	681,413	616,886
General obligation bonds	85,722,655	40,913,366	45,540,922	22,709,111	26,083,159
Contracts payable	-	-	-	-	-
Revenue bonds	102,476,579	80,928,230	54,793,151	59,904,698	64,829,343
Net pension liability	14,568,026	7,780,234	11,020,794	10,109,665	6,596,256
<b>Total liabilities</b>	<b>228,126,598</b>	<b>150,271,739</b>	<b>135,103,520</b>	<b>108,778,144</b>	<b>114,036,967</b>
<b>Deferred inflows of resources</b>					
Property taxes	23,863,826	20,046,312	19,785,339	17,605,701	17,553,354
Deferred gain on refunding	500,262	217,783	321,672	425,561	529,450
Deferred inflows of resources related to pensions	514,445	6,025,822	1,803,202	1,142,122	1,049,810
Deferred inflows of resources - unavailable revenue	-	166,096	-	-	-
<b>Total deferred inflows of resources</b>	<b>24,878,533</b>	<b>26,456,013</b>	<b>21,910,213</b>	<b>19,173,384</b>	<b>19,132,614</b>
<b>NET POSITION</b>					
Net investment in capital assets	313,830,787	294,285,169	273,727,467 (3)	233,610,613 (2)	220,380,226
Restricted for:					
Capital projects	7,194,635	6,604,245 (4)	6,318,540 (4)	6,312,535 (4)	7,418,529 (4)
Other	58,940	57,571 (4)	59,674 (4)	48,640 (4)	47,201 (4)
Unrestricted	65,169,526	63,642,799 (4)	59,427,084 (4)	63,767,697 (4)	59,979,971 (4)
Total net position	386,253,888	364,589,784	339,532,765	303,739,485	287,825,927
<b>Total liabilities and deferred inflows of resources and net position</b>	<b>\$ 639,259,019</b>	<b>\$ 541,317,536</b>	<b>\$ 496,546,498</b>	<b>\$ 431,691,013</b>	<b>\$ 420,995,508</b>

Source: Information extracted from the City's fiscal years ended June 30, 2015 through 2019 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.

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**SINGLE AUDIT, INTERNAL  
CONTROL AND  
COMPLIANCE REPORTS**

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**Park City Municipal Corporation, Utah**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor Agency or Pass Through Entity</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>2019 Expenditures</b>
<b>U.S. Department of Transportation</b>			
Formula Grants for Rural Areas	20.509	UT-2016-006-00	1,972,123
Bus and Bus Facilities	20.526	UT-18-X032	1,919,736
		Subtotal	<u>3,891,859</u>
<b>Department of Homeland Security</b>			
Pass Through Utah Department of Public Safety			
Emergency Management Project Grant	97.042	EMPG-2018-DEM	6,250
Pass Through Summit County			
State Homeland Security Pass Through Grant FY16	97.042	PARP-16HSGP	8,028
			<u>14,278</u>
<b>U.S. Department of Justice</b>			
Pass Through Utah Office for Victims of Crime			
Victim of Crime Act (VOCA) Grant	16.017	16-VOCA-45	14,383
Bureau of Justice Assistance	16.835	2018-BC-BX-0018	48,524
Equitable Sharing Program	16.922	UT-0220500	56,556
		Subtotal	<u>119,463</u>
<b>Total Federal Awards</b>			<b>\$ <u>4,025,600</u></b>



**Park City Municipal Corporation, Utah**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**Note 1. Reporting Entity**

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Park City Municipal Corporation (the City). The reporting entity is defined in Note A to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

**Note 2. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City. Expenditures passed through to subrecipients are presented on the cash basis of accounting and all other expenditures are presented on the accrual basis of accounting.

The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**Park City Municipal Corporation, Utah  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2019**

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**Section I - Summary of Auditors' Results:**

**Financial Statements:**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements	None reported

**Federal Awards:**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings required to be reported in accordance with 2 CFR 200.516(a)	None reported

**Identification of major programs:**

CFDA Number	20.526
Name of Federal Program or Cluster	U.S. Department of Transportation, Bus and Bus Facilities
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes

**Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States**

None reported

**Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a)**

None reported

**INDEPENDENT AUDITORS' 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 the 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 the Park City Municipal Corporation (the City) as of and for the year ended June 30, 2019, 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 December 23, 2019.

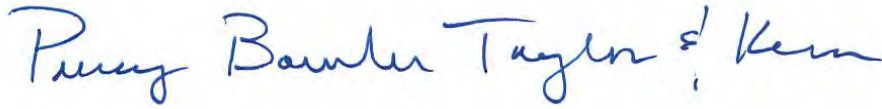
**Internal Control over Financial Reporting.** In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic 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 City's basic 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 determination of basic financial statement amounts. 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*.

**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 City'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 City internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Percy Bowler Taylor & Kern". The signature is written in a cursive, flowing style.

Salt Lake City, Utah  
December 23, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the compliance of the Park City Municipal Corporation (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility.** The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility.** Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Major Federal Program.** In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019.

**Report on Internal Control Over Compliance.** The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over

compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.** We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 23, 2019, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Salt Lake City, Utah  
December 23, 2019

## **Independent Auditors' Report on Compliance and on Internal Control over Compliance as Required by the *State Compliance Audit Guide***

To the Honorable Mayor and Members of the City Council  
Park City Municipal Corporation

### **Report on Compliance**

We have audited Park City Municipal Corporation's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Other Related Restricted Revenue
- Open and Public Meetings Act
- Public Treasurer's Bond

### ***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion on Compliance***

In our opinion, Park City Municipal Corporation complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

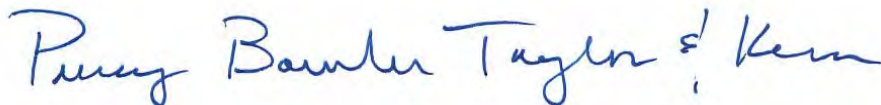
### **Report On Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Percy Bamber Taylor & Kern". The signature is written in a cursive style with a small flourish at the end.

Salt Lake City, Utah  
December 23, 2019



**PARK CITY MUNICIPAL CORPORATION**  
**SCHEDULE OF STATE COMPLIANCE FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

State Compliance Finding – Current Year

2019-001 Budgetary Compliance

Finding:

Utah State Code Section 10-6-123 states that the entity’s total expenditures by fund or department may not exceed the amounts appropriated in the final adopted budget. Park City Municipal Corporation (the City) had interfund transfer expenses set higher than what was budgeted that caused Sales Tax Revenue Bond and Debt Service Funds to exceed the final adopted budget.

Recommendation:

We recommend that the City reinforce policies over budget review and augmentation to ensure compliance with the State compliance requirement over budgetary compliance.

Management Response:

The Park City Municipal Budget Department strives to match the allocated budget to what is anticipated to be expensed during the fiscal year. Unfortunately, the department failed to do this for two interfund transfer expenses for the last fiscal year. This was caused by using an older version of a spreadsheet used to update all the interfund transfer annual budgets. The final version did not make it into the City Council adopted budget even though the interfund transfer expenses had to happen. Oversight by budget management will be enhanced going into the next budget cycle. The Budget Department is also adding a senior analyst resource and updating software to assist in mitigating errors.

**PARK CITY MUNICIPAL CORPORATION**  
**SCHEDULE OF STATE COMPLIANCE FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

State Compliance Finding – Current Year (Continued)

2019-002 Open and Public Meetings

Finding:

Utah State Code Section 52-4-203(4)(e) states that minutes must be posted to the Utah Public Notice Website within three days of the meeting minutes being approved. The City is posting Meeting minutes to the website, but not always within the 3-day window after approval.

Recommendation:

We recommend that the City reinforce policies regarding the Open and Public Meeting Act to ensure compliance with the State compliance requirement Open and Public Meetings.

Management Response:

Management informed us that the City Recorder posts the approved minutes within three days after they are approved. At times, the City Recorder receives public comment or PowerPoint presentations after the minutes and attachments have been uploaded within the three-day time period. Appropriately and in order to ensure maximum transparency to the public, the Recorder combines the late submission items to the approved minutes and uploads the updated document. The outdated version is deleted at that time, yet the three-day provision was met as required. Unfortunately, the website does not show the date of the original upload. In the future, the City will leave all versions of the approved minutes with the associated attachments so the auditors can confirm compliance.

**APPENDIX B**

**THE GENERAL INDENTURE OF TRUST**

Reference is made to the Indenture, for full details of all of the terms of the 2020 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 seat 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 pail 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 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. Expeditious 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: \_\_\_\_\_]



APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF FARNSWORTH JOHNSON PLLC]

[TO BE DATED CLOSING DATE]

Re: \$75,515,000  
Park City, Utah  
Water Revenue and Refunding Bonds  
Series 2020 (Green Bonds)

We have acted as bond counsel to the Park City, Utah (the “*Issuer*”) in connection with the issuance by the City of its \$75,515,000 Water Revenue and Refunding Bonds, Series 2020 (Green Bonds) dated the date hereof (the “*Bonds*”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Bonds are 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 Twelfth Supplemental Indenture of Trust, dated as of June 1, 2020 (collectively, the “*Indenture*”). The Bonds are being issued under the authority of the Local Government Bonding Act, Chapter 14 of Title 11 of the Utah Code Annotated 1953, as amended (the “*Utah Code*”) and the Utah Refunding Bond Act, Chapter 27 of Title 11 of the Utah Code (collectively, the “*Act*”).

The Bonds and any other bonds, notes or other obligations heretofore or hereafter issued under the Indenture or parity therewith, are payable from the Revenues (as defined in the Indenture), and other moneys and funds pledged pursuant to the Indenture. The Bonds are not secured by ad valorem property taxes levied by the Issuer and are not a general obligation of the Issuer.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

(1) The Issuer has the power under the Act to issue the Bonds and to execute and deliver the Indenture and the proceedings of the City Council of the Issuer referred to above show lawful authority for the issuance of the Bonds and for the execution and delivery of the Indenture.

(2) The Indenture has been duly and lawfully executed and delivered by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms (subject to the limitations set forth below), and no other authorization for the Indenture is required.

(3) The Indenture creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

(4) The Bonds are valid and binding special obligations of the Issuer, enforceable in accordance with their terms (subject to the limitations set forth below) and the terms of the Indenture and are entitled to the benefits and security of the Indenture and the Act, and the Bonds have been duly and validly authorized and issued in accordance with law and the Indenture. Neither the faith and credit nor the taxing power of the State of Utah (the “*State*”), the Issuer or any other political subdivision is pledged to the payment of the principal or redemption price of, or interest on, the Bonds.

(5) All actions, conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to the sale and issuance of the Bonds by the Issuer have been complied with.

(6) Interest on the Bonds 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 imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer 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 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

(7) Interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the disclosure document, if any, relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by Park City, Utah (the “*Issuer*”) in connection with the issuance of \$75,515,000 Water Revenue and Refunding Bonds, Series 2020 (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 Twelfth Supplemental Indenture of Trust, dated as of June 1, 2020 (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.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Utah.

“*Undertaking*” means the obligations of the Issuer pursuant to Sections 4 and 5.

*Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT.* The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

DECEMBER 15 OF THE YEAR	CUSIP NUMBER
2020	700251 DX6
2021	700251 DY4
2022	700251 DZ1
2023	700251 EA5
2024	700251 EB3
2026	700251 EC1
2027	700251 ED9
2028	700251 EE7
2029	700251 EF4
2030	700251 EG2
2031	700251 EH0
2032	700251 EJ6
2033	700251 EK3
2034	700251 EL1
2035	700251 EM9
2036	700251 EN7
2037	700251 EP2
2038	700251 EQ0
2039	700251 ER8

The Final Official Statement relating to the Bonds is dated May 28, 2020 (the “*Final Official Statement*”). The Issuer will include the CUSIP Number 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

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.



## 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 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 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 2020 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 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 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 2020 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 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 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 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 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 2020 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 2020 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 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020 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 2020 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, 2020 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, 2020 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

### GREEN BONDS

#### SUMMARY

Kestrel Verifiers is of the opinion that the Water Revenue and Refunding Bonds Series 2020 (Green Bonds) conform with the four pillars of the Green Bond Principles 2018 as follows:



#### Use of Proceeds

Park City, Utah intends to use the proceeds of Water Revenue and Refunding Bonds, Series 2020 for new projects and refunding. The new money portion of the bonds will partially fund a net zero energy water treatment plant and other system improvements. Two bonds which were used previously to finance capital improvements to the drinking water system and purchase water rights from the Jordanelle Special Service District will be refunded with the Green Bonds.



#### Process for Project Evaluation and Selection

Identified needs for improved redundancy, 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 alignment with Park City's ambitious climate action goals to use 100% renewable energy for city operations by 2022.



#### Management of Proceeds

100% of the bond proceeds shall be allocated to the 2020 system improvements, refunding, and related financing expenses. Proceeds will be immediately allocated to the 2009C and 2010 Bonds to be refunded and a separate fund will be established for the new money and maintained distinctly from all other funds in the City.



#### Reporting

Park City commits to posting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) done annually on the Electronic Municipal Market Access (EMMA) system.



#### ISSUER:

Park City, Utah

#### OPINION ON:

Water Revenue and Refunding Bonds, Series 2020 (Green Bonds)

#### GREEN CATEGORIES:

- 1) Sustainable Water Management
- 2) Green Buildings

#### EVALUATION DATE:

May 18, 2020

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# SECOND PARTY OPINION

**Par:** \$75,515,000  
**Issuer:** Park City, Utah  
**Issue Description:** Water Revenue and Refunding Bonds, Series 2020 (Green Bonds)  
**Project:** System Improvements  
**Green Categories:** 1) Sustainable Water and Wastewater Management  
2) Green Buildings  
**Evaluation date:** May 18, 2020

## 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 2018) 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 General Obligation Bonds issued by the District are aligned with the four pillars of the Green Bond Principles and qualify for green bonds designation.

## ABOUT THE ISSUER

Park City, Utah (City) is approximately 30 miles east of Salt Lake City, Utah with a land area of approximately 18 square miles. The City's population was 8,504 in a 2018 Census estimate. However, the City is a popular area for secondary residences and short-term rentals and can handle up to 50,000 daytime visitors.

Park City has an ambitious Climate Action Plan with goals to be net-zero carbon and use 100% renewable electricity for city operations by 2022. The same goals have been set for the entire community by 2030.

The City operates the area's water system, including water rights, distribution lines, treatment, pumping stations and facilities. 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 variability across seasons. The City's water system includes 10 storage facilities that hold up to 14.65 million gallons, and a total of 5,400 water connections in 2019. In regular accounting of the City's carbon emissions, the Sustainability Department identified water treatment and distribution as the source of more than a third of the City's emissions.

## THE BOND-FINANCED PROJECT

**The 2020 Projects:** Proceeds of the 2020 bonds will finance significant upgrades to Park City’s complex water system. The projects will improve water quality, increase reliability, efficiency, and treatment capacity. An overview of the financed projects is shown in Table 1.

*Table 1. System Improvements receiving new money from the 2020 Bond proceeds. Allocation of bond proceeds shown below is approximate and depends on future bonds issued by the City for the projects, among other factors.*

Approximate 2020 Bond Proceeds	Description	Groundbreaking
<b>\$50.2 million</b>	3Kings Water Treatment Facility construction	Fall/Winter 2020
<b>\$7.3 million</b>	Transmission and distribution lines	April 2020
<b>\$5.9 million</b>	Quinns Junction Water Treatment Plant renovations	2019
<b>\$5 million</b>	Judge and Spiro Tunnel distribution	Fall 2020
<b>\$2.1 million</b>	Water tank construction (2)	2019 & April 2020
<b>\$2 million</b>	Water pump station and golf maintenance building	Conditional

**3Kings Water Treatment Facility:** A majority of the bond proceeds will be used for construction of the \$103.9 million 3Kings Water Treatment Plant, scheduled for completion by Summer 2023. The 3Kings facility is designed to meet net zero energy standards as described in City Resolution 28-2017 Net-Zero Energy Performance Requirements and includes many innovative and sustainable building features. The design process included energy modeling and building envelope commissioning to meet the City Council’s net zero energy goal. Findings from the energy modeling process informed selection of the HVAC system, lighting controls, and other building control systems. 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 spring and the Judge and Spiro tunnels.

Park City is uniquely located in an area with mining-influenced water, or water containing metals from historic mining operations. Drainage tunnels originally built for mine drainage are still in use today for drinking water, irrigation, and snowmaking. The metals in mining-influenced water can be toxic to aquatic organisms and can cause significant stream degradation if not managed appropriately. 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:** Bond proceeds will fund improvements to the Judge and Spiro Tunnels, as well as other major water transmission and distribution lines.

Necessary renovations to the City’s existing Quinns Junction Water Treatment Plant will improve water quality by adding membrane filters and pre- and post-treatment enhancements. The renovations will increase treatment capacity and allow the City to provide wholesale water to the Weber Basin Water Conservancy District. These renovations will ensure efficient treatment and delivery of drinking water for Park City residents until the 3Kings plant is operational.

Two water tanks will also be constructed. The Kings Crown Water Tank slated for completion by April 2022 will store approximately two million gallons of water and provide essential storage for downtown Park City and Vail Ski Resort. The increased storage capacity provided by the Park City Heights Water Tank scheduled for completion in Summer 2020, will improve redundancy and water storage for emergencies.

**Refunding:** \$13,182,000 of the Water Revenue and Refunding Bonds will refund the City’s outstanding Taxable Water Revenue Bonds, Series 2009C and Water Revenue Bonds Series 2010. Proceeds from both refunded bonds were used for capital improvements including design, acquisition and construction of drinking water system improvements. Proceeds from the 2010 bonds were used to acquire water rights from the Jordanelle Special Service District and related improvements.

## 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 Bonds Principles (“pillars”) which include: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting (International Capital Market Association definition).*

### Use of Proceeds

The Water Revenue and Refunding Bonds will be used to finance water system improvements and refund outstanding bonds that financed similar capital improvements. Projects financed by the refunded bonds and the 2020 projects are eligible green projects as defined by the Green Bond Principles in the project categories of Sustainable Water Management and Green Buildings.

Park City’s all-encompassing approach to designing and building the 3Kings Water Treatment Plant is an exemplary model of sustainable design, which considers the impact of future growth in the region and the need to increase energy efficiency and generate renewable energy through micro-hydropower and solar. Environmental objectives, including a reduced carbon footprint and improved water quality, are met with a net zero energy facility and increased capacity to remove metals from mining influenced water, respectively. Additionally, increasing water storage capacity and improving transmission and distribution lines will help ensure the reliability and long-term sustainability of the City’s water system.

The project conforms with the Green Bond Principles:

<b>BOND LABEL</b>  <b>The Green Bond Principles</b>	<b>ELIGIBILITY CRITERIA</b>
<b>Sustainable Water and Wastewater Management</b>	Sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation
<b>Green Buildings</b>	Green buildings which meet regional, national, or internationally recognized standards or certifications

## Process for Project Evaluation and Selection

Park City has multiple strategic and transparent public plans that prioritize environmental objectives in project selection. A city-wide long-term strategic plan establishes sustainable water management as a core principle and 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. System Improvements funded with the 2020 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.

Plans for 3Kings Water Treatment Plant have involved input from the public and City departments. Public Utilities, Park City Planning, Sustainability, the City Manager's Office, and the City Council all were involved in the planning process. The refunding portions of the 2020 Bonds were used for improvements to the City's drinking water system in accordance with the City's Capital Improvement Plan. In Park City, the City Council is made up of five councilmembers and the Mayor. On April 16, 2019, the City Council adopted the resolution to issue the bonds.

## Management of Proceeds

100% of the bond proceeds shall be allocated to the 2020 system improvements, refunding, and related issue expenses. Proceeds for the two refundings will be deposited to retire the 2009C and 2010 Bonds. Original proceeds from the bonds to be refunded were deposited in separate 2009C and 2010 project accounts. Proceeds for the 3Kings Water Treatment Plant and other System Improvements will be deposited into a separate project account. City funds may be invested in investments approved by Utah's State Money Management Act.

## Reporting

As a model for financial reporting, Park City, Utah City has been awarded The Certificate of Achievement for Excellence in Financial Reporting Municipal Corporation by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR) for fourteen consecutive years. So long as the Water Revenue and Refunding Bonds are outstanding, Park City, Utah will submit continuing disclosures to the Municipal Securities Rulemaking Board (MSRB). The City 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, 3Kings project updates are regularly described on the project's website (Accessed 5/15/2020 <https://www.parkcity.org/departments/public-utilities/engineering-construction-division/water-projects/3kings-water-treatment-plant>).

## CONCLUSION

Based on our independent review, the Water Revenue and Refunding Bonds, (Green Bonds) conform, in all material respects, with the Green Bond Principles (2018). It is the opinion of Kestrel Verifiers that these bonds are in complete alignment with the Sustainable Water Management and Green Buildings categories of the Green Bond Principles. The System Improvements financed by the Water Revenue and Refunding Bonds will conserve natural resources and help Park City meet its exemplary climate action goals.



## ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in environmental 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 Woman-Owned Small Business and a certified Women's Business Enterprise.

For more information, visit [www.kestrelverifiers.com](http://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 (May 2020) 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 issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. 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 Issuer, 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 certifies that there is no affiliation, involvement, financial or non-financial interest in the issuer or the projects discussed. Language in the offering disclosure supersedes any language included in this Second Party Opinion.



