
OFFICIAL NOTICE OF BOND SALE
and
PRELIMINARY OFFICIAL STATEMENT



Park City, Utah

\$27,700,000*

Sales Tax Revenue Bonds, Series 2019

Electronic bids will be received up to 9:30:00 A.M. M.S.T., via the *PARITY*[®] electronic bid submission system, on Thursday, February 21, 2019.

* Preliminary; subject to change.

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Official Notice of Bond Sale

(Bond Sale to be Conducted Electronically)

\$27,700,000*

Park City, Utah Sales Tax Revenue Bonds Series 2019

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by Park City, Utah (the “City”) at the office of Zions Public Finance, Inc., Salt Lake City, Utah, the Municipal Advisor to the Board (the “Municipal Advisor”) on the PARITY® bidding system (“PARITY”) up to 9:30:00 a.m., Mountain Standard Time (“M.S.T.”), on Thursday, February 21, 2019 (the “2019 Sale Date”), for the purchase all or none (“AON”) of \$27,700,000* Sales Tax Revenue Bonds, Series 2019 (the “Series 2019 Bonds”) to be issued by the City.

The bids will be publicly reviewed and considered by certain designated officers of the City on the 2019 Sale Date.

Description of the Series 2019 Bonds

The Series 2019 Bonds will be dated their date of delivery thereof, will be fully registered bonds, in book–entry form, in denominations of \$5,000 or whole multiples thereof, and will mature on December 15 of the years and in the principal amounts* as follows:

| <u>Maturity</u> <u>(December 15)</u> | <u>Amount*</u> | <u>Maturity</u> <u>(December 15)</u> | <u>Amount*</u> |
|---|----------------|---|---------------------|
| 2019 | \$1,300,000 | 2027 | \$ 1,950,000 |
| 2020 | 1,375,000 | 2028 | 2,025,000 |
| 2021 | 1,425,000 | 2029 | 2,125,000 |
| 2022 | 1,500,000 | 2030 | 2,175,000 |
| 2023 | 1,575,000 | 2031 | 2,250,000 |
| 2024 | 1,675,000 | 2032 | 2,325,000 |
| 2025 | 1,750,000 | 2033 | <u>2,400,000</u> |
| 2026 | 1,850,000 | | |
| | | | <u>\$27,700,000</u> |

The Series 2019 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee. The Depository Trust Company will act as securities depository for the Series 2019 Bonds. Purchases of beneficial interests in the Series 2019 Bonds will be made in book–entry form in the denomination of \$5,000 or any whole multiple thereof.

* Preliminary, subject to change. See “Adjustment of Principal Amount of the Series 2019 Bonds” in this Official Notice of Bond Sale.

Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option

The Series 2019 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the Series 2019 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates, as adjusted.

Adjustment of Principal Amount of the Series 2019 Bonds

The City reserves the right, following determination of the best bid(s) to reduce or increase the principal amount of each maturity of the Series 2019 Bonds and to increase or reduce the overall principal amount of the Series 2019 Bonds to be issued, as described in this section.

The City may adjust the aggregate principal amount of the Series 2019 Bonds such that the total proceeds available to the City (after payment of costs of issuance) will be approximately \$32,000,000. The adjustment of maturities may also be made in such amounts as are necessary to provide the City with desired debt service payments during the life of the Series 2019 Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made as described above, and the City will consider the bid as having been made for the adjusted amount of the Series 2019 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the Series 2019 Bonds to the public and the price to be paid to the City, by (b) the principal amount of the Series 2019 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The City expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., M.S.T., on the date of sale, of the amount, if any, by which the aggregate principal amount of the Series 2019 Bonds will be adjusted and the corresponding changes to the principal amount of Series 2019 Bonds maturing on one or more of the above-designated maturity dates for the Series 2019 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder(s) is required to indicate by electronic means or facsimile transmission to the Municipal Advisor at eric.pehrson@zionsbancrop.com or fax number 801.844.4484 within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the Series 2019 Bonds and the amount received from the sale of the Series 2019 Bonds to the public that will be retained by the successful bidder(s) as its compensation.

Possible Rejection of All Bids

As described below under "Sale Reservations," the City reserves the right to reject any and all bids and to resell the Series 2019 Bonds. In such case the City may elect to negotiate a subsequent sale of the Series 2019 Bonds.

Ratings

S&P Global Ratings ("S&P") has assigned a municipal bond rating of "AA-" to the Series 2019 Bonds.

The City will, at its own expense, pay fees of S&P for rating the Series 2019 Bonds. Any additional ratings shall be at the option and expense of the bidder.

Purchase Price

The Series 2019 Bonds may be purchased at a purchase price equal to or greater than par.

Interest Rates

The Series 2019 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum. In addition:

1. the maximum interest rate bid for any of the Series 2019 Bonds may not exceed 5.00% per annum;
2. all Series 2019 Bonds of the same maturity must bear a single rate of interest;
3. a zero rate cannot be named for all or any part of the time from the date of any Series 2019 Bond to its stated maturity;
4. any premium must be paid in the funds specified for the payment of the Series 2019 Bonds as part of the purchase price;
5. interest shall be computed from the dated date of a Series 2019 Bond to its stated maturity date at the single interest rate specified in the bid for the Series 2019 Bonds of such maturity;
6. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for federal funds;
7. there shall be no supplemental interest coupons; and
8. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest will be payable semiannually on June 15 and December 15 beginning June 15, 2019, at the rate or rates to be fixed at the time the Series 2019 Bonds are sold.

Payment of Principal and Interest

Principal and interest are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Trustee, Paying Agent and Registrar, to the registered owners of the Series 2019 Bonds. So long as The Depository Trust Company, New York, New York (“DTC”) is the registered owner, DTC will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the Series 2019 Bonds as described under the caption “THE 2019 BONDS—Book-Entry System” in the City’s Preliminary Official Statement with respect to the Series 2019 Bonds (the “Preliminary Official Statement”). Interest on the Series 2019 Bonds will be payable by check or draft mailed to the registered owners thereof (initially DTC) as shown on the registration books kept for the City by the Registrar.

Optional Redemption

The Series 2019 Bonds maturing on or prior to December 15, 2028 are not subject to redemption prior to maturity. The Series 2019 Bonds maturing on or after December 15, 2029, are subject to redemption at the option of the City on December 15, 2028, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the City, at a redemption price equal to

100% of the principal amount of the Series 2019 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Security

The Series 2019 Bonds are special limited obligations of the City, payable solely from the Revenues, moneys, securities and funds pledged therefor in the Indenture, all as more fully described in the Preliminary Official Statement. The Revenues consist of the Pledged Taxes (as defined in the Preliminary Official Statement).

The Series 2019 Bonds are secured on a parity lien basis with the City's Outstanding Parity Bonds and any Additional Bonds (as such terms are defined in the Preliminary Official Statement).

No assurance can be given that the Pledged Taxes will remain sufficient for the payment of the principal or interest on the Series 2019 Bonds, the Outstanding Parity Bonds, and the Additional Bonds, if any and the City is limited by Utah law in its ability to increase the rate of such taxes. The Pledged Resort Taxes (included in the Pledged Taxes) are subject to termination under certain circumstances which are not within the control of the City. The Utah Legislature may alter the sales tax base or the distribution formulas in a way that reduces the amount of Pledged Taxes paid to the City. The Series 2019 Bonds do not constitute a general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant any security interest in the improvements financed with the proceeds of the Series 2019 Bonds or any portion thereof to secure payment of the Series 2019 Bonds.

Procedures Regarding Electronic Bidding

No bid will be accepted unless the City has determined that such bidder has provided the requested Deposit, as the case may be, as described under "Good Faith Deposit" below.

Bids will be received electronically via PARITY[®] in accordance with the following procedures:

PARITY[®]

A prospective bidder must communicate its bid electronically via PARITY[®] on or before 9:30:00 a.m. M.S.T., on the 2019 Sale Date. No bid will be received after the time for receiving bids. To the extent any instructions or directions set forth in PARITY[®] conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY[®], potential bidders may contact the Municipal Advisor to the City or i-Deal LLC at 1359 Broadway, New York, New York 10018, telephone (212) 849-5021. The time as maintained by PARITY[®] shall constitute the official time.

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY[®] for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Municipal Advisor, the City nor i-Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the City nor i Deal LLC shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY[®]. The City is using PARITY[®] as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Series 2019 Bonds.

Notification

The Municipal Advisor will notify the apparent successful bidder(s) (electronically via PARITY®) as soon as possible after the City's receipt of bids, that such bidder's bid appears to be the lowest and best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification and to official action to be taken by certain authorized officers of the City as described in the next succeeding paragraph.

The award of the Series 2019 Bonds to the successful bidder will be considered by certain designated officers of the City on Thursday, February 21, 2019, pursuant to a resolution previously adopted by the City Council of the City on January 15, 2019.

Form of Bid

Each bidder is required to transmit electronically via PARITY® an unconditional bid specifying the lowest rate or rates of interest and the purchase price (not less than par) at which the bidder will purchase the Series 2019 Bonds. Each bid must be for all the Series 2019 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the Series 2019 Bonds represented on a "true interest cost" basis, as described under "Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of PARITY®; provided, however, that in the event a prospective bidder cannot access PARITY®, through no fault of its own, it may so notify the office of the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 801.844.7373, who shall transcribe such bid into written form or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before the time bids are due as stated above, on the 2019 Sale Date. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by PARITY®, shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the Series 2019 Bonds and the total purchase price of all of the Series 2019 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the City nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder(s) will provide written confirmation of its bid (by electronic means or facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., M.S.T., on Thursday, February 21, 2019.

Right of Cancellation

The successful bidder(s) shall have the right, at its option, to cancel its obligation to purchase the Series 2019 Bonds if the City shall fail to execute the Series 2019 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder(s) shall be entitled to the return of the Deposit.

Award

Award or rejection of bids will be made on the 2019 Sale Date. The Series 2019 Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest cost to the City, computed from the date of the Series 2019 Bonds to maturity and taking into consideration the premium, if any, in the purchase price of the Series 2019 Bonds. The effective interest rate to the City shall be the interest rate

per annum determined on a per annum true interest cost (“TIC”) based on the discounting of the scheduled semiannual debt service payments of the City on the Series 2019 Bonds (based on such rate or rates of interest so bid) to the dated date of the Series 2019 Bonds, compounded semiannually, and to the bid price, excluding accrued interest, if any, to the date of delivery. Interest cost shall be computed on a 360–day year of 12, 30–day months.

Good Faith Deposit

A good faith deposit (the “Deposit”) in the amount of \$275,000 is required only from the successful bidder. The Deposit shall be payable to the order of the City in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 noon., M.S.T., on the 2019 Sale Date. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the City. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The City shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the Series 2019 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and, hold the proceeds of the Deposit of the successful bidder, or invest the same (at the City’s risk) in obligations which mature at or before the delivery of the Series 2019 Bonds as described under the caption “Manner and Time of Delivery” below, until disposed of as follows: (a) at such delivery of the Series 2019 Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the Series 2019 Bonds, the full amount of the Deposit held by the City, without adjustment for interest, shall be applied toward the purchase price of the Series 2019 Bonds at that time and the full amount of any interest earnings thereon shall be retained by the City; and (b) if the successful bidder fails to take up and pay for the Series 2019 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the City as liquidated damages.

Sale Reservations

The City reserves the right: (1) to waive any irregularity or informality in any bid or in the bidding process; (2) to reject any and all bids for the Series 2019 Bonds; and (3) to resell the Series 2019 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder will be given at least five business days advance notice of the proposed date of the delivery of the Series 2019 Bonds when that date has been determined. It is now estimated that the Series 2019 Bonds will be delivered in book–entry form on or about Wednesday, March 6, 2019. Delivery of the Series 2019 Bonds will be made in Salt Lake City, Utah. The successful bidder must also agree to pay for the Series 2019 Bonds in federal funds which will be immediately available to the City on the day of delivery.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2019 Bonds, at the expense of the City, but neither the failure to print such numbers on any Series 2019 Bond nor any error with respect thereof shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Series 2019 Bonds in accordance with terms of this Official Notice of Bond Sale.

Tax Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing

the federal alternative minimum tax. The above opinions are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds.

In the opinion of Bond Counsel to the City, interest on the Series 2019 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2019 Bonds.

Establishment of Issue Price

The successful bidder shall assist the City in establishing the issue price of the Series 2019 Bonds and shall execute and deliver to the City on the date of issuance of the Series 2019 Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019 Bonds, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Official Notice of Bond Sale to establish the issue price of the Series 2019 Bonds may be taken on behalf of the City by the Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019 Bonds) will apply to the initial sale of the Series 2019 Bonds (the “competitive sale requirements”) because:

- (i) the City shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the City may receive bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and
- (iv) the City anticipates awarding the sale of the Series 2019 Bonds to the bidder who submits a firm offer to purchase the Series 2019 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the Series 2019 Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder. The City shall then treat the first price at which 10% of a maturity of the Series 2019 Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the City if any maturity of the Series 2019 Bonds satisfies the 10% Test as of the date and time of the award of the Series 2019 Bonds. The City will not require bidders to comply with the “Hold-The-Offering-Price Rule” and therefore in such case does not intend to use the initial offering price to the public as of the sale date of any maturity of the Series 2019 Bonds as the issue price of that maturity. Bids will **not** be subject to cancellation in the event that the competitive sale

requirements are not satisfied. ***Bidders should prepare their bids on the assumption that the Series 2019 Bonds will be subject to the 10% Test in order to establish the issue price of the Series 2019 Bonds.***

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Series 2019 Bonds, the successful bidder agrees to promptly report to the City the prices at which the unsold Series 2019 Bonds of that maturity have been sold to the public. If as of the award of the Series 2019 Bonds the 10% Test has not been satisfied as to any maturity of the Series 2019 Bonds, the successful bidder agrees to promptly report to the City the prices at which it subsequently sells Series 2019 Bonds of that maturity to the public until the 10% Test is satisfied. If Series 2019 Bonds constituting the first 10% of a certain maturity are sold at different prices, the successful bidder shall report to the City the prices at which Series 2019 Bonds of such maturity are sold until either (i) all Series 2019 Bonds of that maturity have been sold or (ii) the successful bidder sells 10% of the Series 2019 Bonds of such maturity at a single price. The winning bidder's reporting obligation shall continue as set forth above, whether or not the date of issuance of the Series 2019 Bonds has occurred provided that, the successful bidder's reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable;

(A) to report the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allocated to it, whether or not the date of issuance has occurred, until either all Series 2019 Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder that the 10% Test has been satisfied as to the Series 2019 Bonds of that maturity; provided that, the reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the successful bidder,

(B) to promptly notify the successful bidder of any sales of Series 2019 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2019 Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public; and

(D) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2019 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allocated to it, whether or not the date of issuance has occurred, until either all Series 2019 Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder or such underwriter that the 10% Test has been satisfied as to the Series 2019 Bonds of that maturity; provided that the reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the successful bidder or such underwriter.

Sales of any Series 2019 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2019 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019 Bonds to the public),

(iii) a purchaser of any of the Series 2019 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Series 2019 Bonds are awarded by the City to the successful bidder.

Legal Opinion and Closing Certificates

The approving opinion and the disclosure opinion of Gilmore & Bell, P.C., Bond Counsel and Disclosure Counsel to the City, covering the legality of the Series 2019 Bonds and passing on certain legal matters regarding the Official Statement, respectively, will be furnished to the successful bidder without charge. There will also be furnished the usual closing certificates dated as of the date of delivery of and payment for the Series 2019 Bonds, including an opinion from the office of the City Attorney that there is no litigation pending or, to the knowledge of the signer thereof, threatened, affecting the validity of the Series 2019 Bonds.

Disclosure

The City will deliver to the successful bidder a certificate of officer(s) of the City, dated the date of the delivery of the Series 2019 Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said officer(s): (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the Series 2019 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the Final Official Statement relating to the Series 2019 Bonds are at the time of delivery of the Series 2019 Bonds true and correct in all material respects and do not at the time of the delivery of the Series 2019 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, should the final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended.

The City has retained Gilmore & Bell, P.C. to act as Disclosure Counsel to the City with respect to the Series 2019 Bonds and in its capacity as Disclosure Counsel, such firm will review the contents of the Preliminary Official Statement and final Official Statement. Gilmore & Bell, P.C. will deliver a letter to the successful bidder for the Series 2019 Bonds with respect to the Preliminary Official Statement and the final Official Statement which will state, in effect, that, while the firm has not verified and is not passing upon,

and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the final Official Statement, based upon participation in conferences and in reliance thereon with various representatives of the City, and representatives of the Municipal Advisor for the City at which the contents of the Preliminary Official Statement and the final Official Statement were discussed and reviewed, without independent verification, no information came to the attention of the attorneys of such firm rendering legal services in connection with such retention which lead such attorneys to believe that either (a) the Preliminary Official Statement as of its date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (b) the final Official Statement contained as of its date, or as of the date of the delivery of the Series 2019 Bonds contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. However, such firm will not be called upon to and will not express an opinion or belief as to information relating to the book-entry system or the expressions of opinion, the assumptions, the projections, financial statements (including notes and schedules thereto) or other financial, operating, economic, demographic and statistical data contained in the Preliminary Official Statement and the final Official Statement.

Official Statement

Copies of the City's Preliminary Official Statement may be obtained as specified below prior to the time bids are taken. The Preliminary Official Statement is in a form "deemed final" by the City for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, but is subject to revision, amendment and completion in a final Official Statement.

The City shall deliver to the successful bidder no later than the seventh business day after the award of the Series 2019 Bonds as described under the caption "Award" above, an electronic copy of the final Official Statement in form sufficient to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission and the rules of the Municipal Securities Rulemaking Board.

Continuing Disclosure Undertaking

Pursuant to Securities and Exchange Commission Rule 15c2-12, the City will undertake in a Continuing Disclosure Undertaking to provide certain ongoing disclosure, including annual operating data and financial information (including audited financial statements) and notices of the occurrence of certain material events. A form of the Continuing Disclosure Undertaking is attached to the Preliminary Official Statement.

Additional Information

For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact Brian Baker (brian.baker@zionsbancorp.com) or Eric Pehrson (eric.pehrson@zionsbancorp.com), Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109; 801.844.7373; fax: 801.844.4484; the Municipal Advisor to the City.

DATED this 12th day of February, 2019.

PARK CITY, UTAH

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF PURCHASER] (herein, the “Original Purchaser”), as the Original Purchaser of the \$[_____] Sales Tax Revenue Bonds, Series 2019 (the “Series 2019 Bonds”), being issued on the date of this certificate by Park City, Utah (the “City”), certifies and represents as follows:

1. Public Offering. The Original Purchaser offered all of the Series 2019 Bonds to the Public (as defined below) in a bona fide initial offering.

2. Reasonably Expected Initial Offering Price. As of the sale date of the Series 2019 Bonds (February 21, 2019) (the “Sale Date”), the reasonably expected initial offering prices of the Series 2019 Bonds to the Public by the Original Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Series 2019 Bonds used by the Original Purchaser in formulating its bid to purchase the Series 2019 Bonds.

[2. *[To be used if there are not at least 3 bids received]* As of the date of this certificate, the first price at which at least 10% of [each maturity] [the indicated maturities] of the Series 2019 Bonds was sold to the Public are the prices listed in Schedule A.

[As of the date of this certificate, the Original Purchaser has not sold at least 10% of [each maturity] [certain maturities] of the Series 2019 Bonds at any price (the “Undersold Maturities”). For each Undersold Maturity listed on Schedule A the Original Purchaser will provide the price or prices at which the first 10% of each such Undersold Maturity was sold to the Public promptly following the date that the first 10% of each such Undersold Maturity is sold to the Public.]]

3. Defined Terms.

(a) *Maturity* means Series 2019 Bonds with the same credit and payment terms. Series 2019 Bonds with different maturity dates, or Series 2019 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” as defined in U.S. Treasury Regulation Section 1.150–1(b) which generally provides that the term related party means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019 Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019 Bonds to the Public).

On the Sale Date the Underwriter purchased the Series 2019 Bonds from the City by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Bond Sale” and having its bid accepted by the City. The City has not modified the terms of the purchase since the Sale Date.

The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the No Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Series 2019 Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his or her official signature this ____ day of _____, 2019.

[PURCHASER], as Original Purchaser

By: _____

Title: _____

Dated: [ISSUE DATE]

To Be Attached:

SCHEDULE A—EXPECTED OFFERING PRICES

PRELIMINARY OFFICIAL STATEMENT



Park City, Utah

\$27,700,000*

Sales Tax Revenue Bonds, Series 2019

On Thursday, February 21, 2019 up to 9:30:00 A.M., M.S.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2019 Bonds will be awarded to the successful bidder(s) and issued pursuant to a resolution of the City Council of Park City, Utah previously adopted on January 15, 2019.

Park City, Utah has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2019 Bonds as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2019 Bonds, contact the Municipal Advisor:



Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated February 12, 2019, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2019

NEW ISSUE

Rating: S&P “AA–”

See “MISCELLANEOUS—Bond Rating” herein.

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.



Park City, Utah

\$27,700,000* Sales Tax Revenue Bonds, Series 2019

The \$27,700,000* Sales Tax Revenue Bonds, Series 2019 are issued by the City as fully-registered bonds and, when initially issued, will be in book-entry 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 2019 Bonds.

Principal of and interest on the 2019 Bonds (interest payable June 15 and December 15 of each year, commencing June 15, 2019) 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 2019 BONDS—Book-Entry System” herein.

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2019 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” herein.

The 2019 Bonds are being issued to finance (i) a portion of the costs of a revolving program of acquiring and constructing affordable housing units, (ii) parking and plaza improvements, (iii) road improvements, (iv) open space acquisition, (v) park, recreation and community center improvements and (vi) paying costs of issuance of the 2019 Bonds. See “THE 2019 BONDS” and “THE 2019 PROJECT” herein.

The 2019 Bonds and Outstanding Parity Bonds previously issued by the City will be equally and ratably secured under the Indenture.

The 2019 Bonds are special limited obligations of the City, payable solely from and secured by a pledge of the Revenues, moneys, securities and funds pledged therefor in the Indenture. The revenues consist of the Pledged Taxes. No assurance can be given that the Revenues will remain sufficient for the payment of principal and interest on the 2019 Bonds and the City is limited by Utah law in its ability to increase the rate of such taxes. The Pledged Resort Taxes (included in Pledged Taxes) are subject to termination under certain circumstances which are not within the control of the City. See “INVESTMENT CONSIDERATIONS” herein. The 2019 Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or full faith and credit of the City and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant any security interest in all or any portion of the improvements financed with the proceeds of the 2019 Bonds to secure payment of the 2019 Bonds. See “SECURITY AND SOURCES OF PAYMENT” herein.

Dated: Date of Delivery¹

Due: December 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2019 Bonds

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on Thursday, February 21, 2019, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this PRELIMINARY OFFICIAL STATEMENT).

Zions Public Finance, Inc., Salt Lake City, Utah, is acting 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 February __, 2019, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of delivery is Wednesday, March 6, 2019.

Park City, Utah

\$27,700,000*

Sales Tax Revenue Bonds, Series 2019

Dated: Date of Delivery¹

Due: December 15, as shown below

| <u>Due December 15</u> | <u>CUSIP® 70024P</u> | <u>Principal Amount*</u> | <u>Interest Rate</u> | <u>Yield/ Price</u> |
|----------------------------|--------------------------|------------------------------|--------------------------|-------------------------|
| 2019..... | | \$1,300,000 | % | % |
| 2020..... | | 1,375,000 | | |
| 2021..... | | 1,425,000 | | |
| 2022..... | | 1,500,000 | | |
| 2023..... | | 1,575,000 | | |
| 2024..... | | 1,675,000 | | |
| 2025..... | | 1,750,000 | | |
| 2026..... | | 1,850,000 | | |
| 2027..... | | 1,950,000 | | |
| 2028..... | | 2,025,000 | | |
| 2029..... | | 2,125,000 | | |
| 2030..... | | 2,175,000 | | |
| 2031..... | | 2,250,000 | | |
| 2032..... | | 2,325,000 | | |
| 2033..... | | 2,400,000 | | |

\$ _____ % Term Bond due December 15, 20__—Price of _____ %
(CUSIP®70024P __)

* Preliminary; subject to change.

¹ The anticipated date of delivery is Wednesday, March 6, 2019.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

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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 2019 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 either Park City, Utah (the “City”); Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah (as Trustee, Registrar and Paying Agent); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); the successful bidder(s); or any other entity. All other information contained herein has been obtained from the City, The Depository Trust Company, New York, New York 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 2019 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 2019 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.

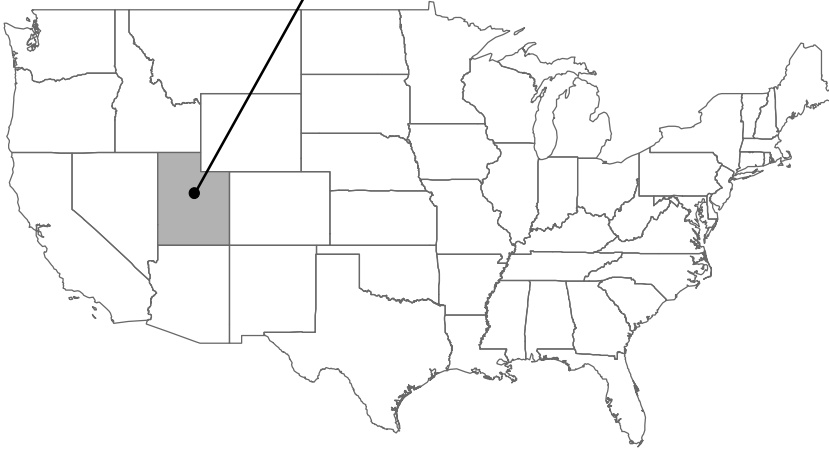
The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. In connection with the offering of the 2019 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019 Bonds. Such transactions may include overallotments in connection with the purchase of 2019 Bonds, the purchase of 2019 Bonds to stabilize their market price and the purchase of 2019 Bonds to cover the successful bidders’ 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 “PROJECTED DEBT SERVICE COVERAGE” herein.***

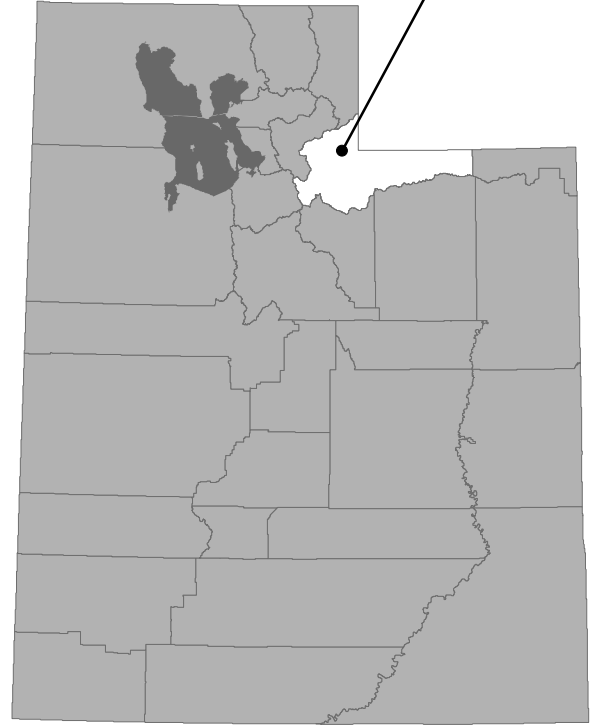
The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City makes no representation with respect to such numbers or undertakes any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the 2019 Bonds because of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2019 Bonds.

The information available at certain websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2019 Bonds and is not a part of this OFFICIAL STATEMENT.

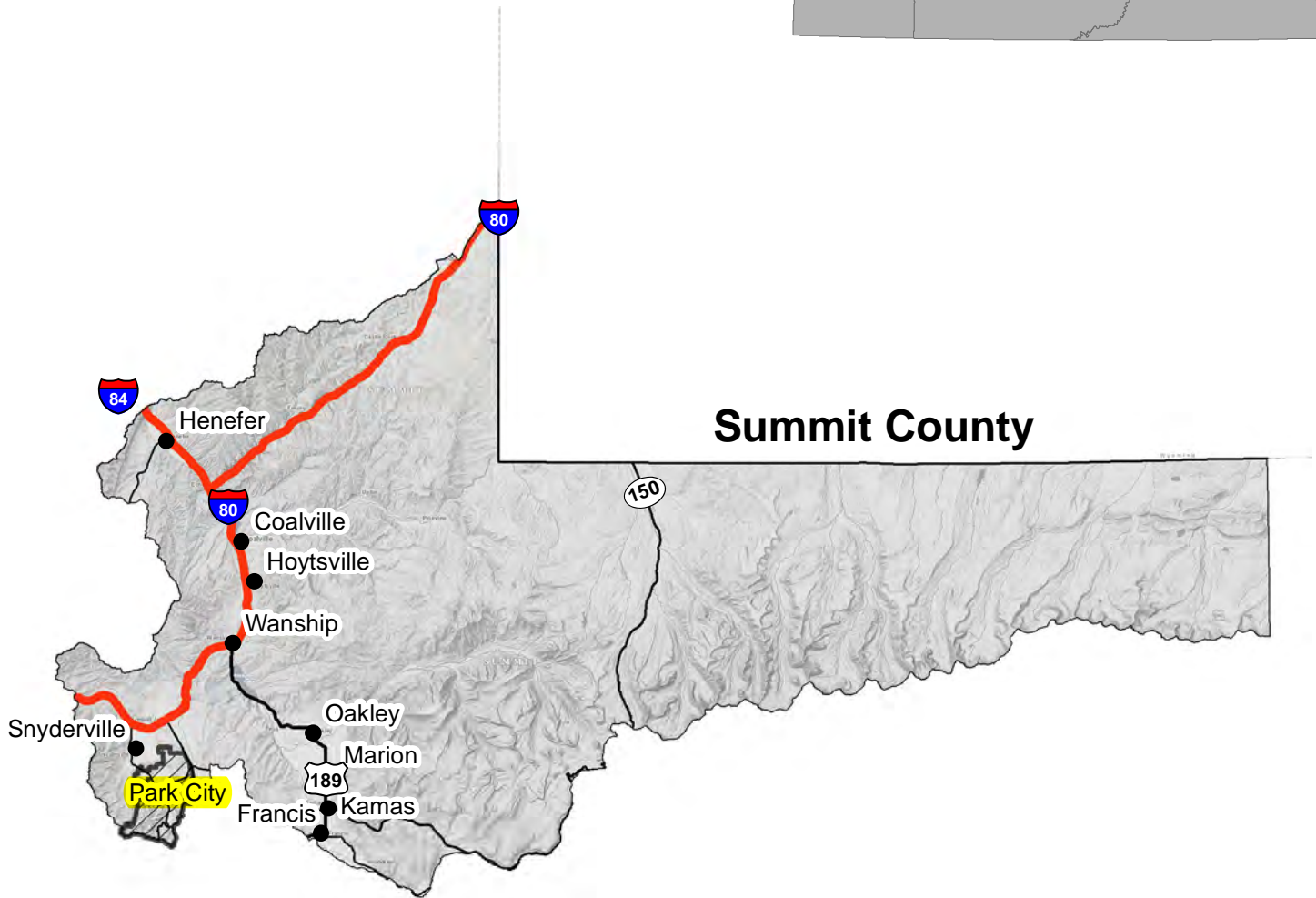
Utah



Summit County



Summit County



OFFICIAL STATEMENT RELATED TO

Park City, Utah

\$27,700,000*

Sales Tax Revenue Bonds, Series 2019

INTRODUCTION

This introduction is only a brief description of the 2019 Bonds, as hereinafter defined, the security and sources of payment for the 2019 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 as well as the documents summarized or described herein.

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 2018”; “APPENDIX B—THE GENERAL INDENTURE OF TRUST”; “APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL”; “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING”; and “APPENDIX E—BOOK-ENTRY SYSTEM”.

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year beginning on July 1 and ending on June 30 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; “Calendar Year[s] End[ed][ing] December 31, 20YY”; or “Tax Year 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Unless otherwise indicated, capitalized terms used in this OFFICIAL STATEMENT shall have the meaning established in the Indenture (as hereinafter defined). See “APPENDIX B—THE GENERAL INDENTURE OF TRUST—Definitions.”

Public Sale/Electronic Bid

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY**[®] electronic bid submission system on Thursday, February 21, 2019, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this PRELIMINARY OFFICIAL STATEMENT).

See the “OFFICIAL NOTICE OF BOND SALE” above.

Park City, Utah

The City, incorporated in 1884, covers an area of approximately 18 square miles and is in the southwest portion of Summit County (the “County”), approximately 30 miles east of Salt Lake City, Utah. A small portion of the City overlaps into Wasatch County. The City had 8,378 residents per the 2017 U.S. Census Bureau estimates. See “PARK CITY, UTAH” below.

* Preliminary; subject to change.

The 2019 Bonds

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the City of its \$27,700,000*, Sales Tax Revenue Bonds, Series 2019 (the “2019 Bonds or “2019 Bond”), initially issued in book–entry form.

Authority And Purpose Of The 2019 Bonds

The 2019 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14 (the “Bonding Act”), Utah Code Annotated 1953, as amended (the “Utah Code”), and other applicable provisions of law; (ii) a resolution adopted by the City Council of the City on January 15, 2019 (the “Resolution”); and (iii) a General Indenture of Trust, dated as of March 1, 2005, as previously amended and supplemented (the “General Indenture”), and a Sixth Supplemental Indenture of Trust dated as of March 1, 2019 (the “Sixth Supplemental Indenture” and together with the General Indenture, the “Indenture”) each between the City and Zions Bancorporation, National Association, Corporate Trust Department, Salt Lake City, Utah (“Zions Bank”), as trustee (the “Trustee”).

The proceeds of the 2019 Bonds may be used by the City for financing: (i) a portion of the costs of a revolving program of acquiring and constructing affordable housing units, (ii) parking and plaza improvements, (iii) road improvements, (iv) open space acquisition, (v) park, recreation and community center improvements and (vi) paying costs of issuance of the 2019 Bonds. See “THE 2019 BONDS—Sources And Uses Of Funds” and “THE 2019 PROJECT” below.

Outstanding Parity Bonds

The City has outstanding under the Indenture its:

(i) \$6,725,000 (original principal amount) Sales Tax Revenue Refunding Bonds, Series 2014A, dated September 11, 2014 (CUSIP®70024P), currently outstanding in the aggregate principal amount of \$3,075,000 (the “2014A Bonds”);

(ii) \$5,375,000 (original principal amount) Sales Tax Revenue Bonds, Series 2014B, dated September 11, 2014 (CUSIP®70024P), currently outstanding in the aggregate principal amount of \$5,375,000 (the “2014B Bonds”);

(iii) \$11,600,000 (original principal amount) Sales Tax Revenue Bonds, Series 2015, dated May 12, 2015 (CUSIP®70024P), currently outstanding in the aggregate principal amount of \$9,700,000 (the “2015 Bonds”); and

(iv) \$31,940,000 (original principal amount) Sales Tax Revenue Bonds, Series 2017, dated November 30, 2017 (CUSIP®70024P), currently outstanding in the aggregate principal amount of \$29,865,000 (the “2017 Bonds” and collectively with the 2014A Bonds, the 2014B Bonds, the 2015 Bonds and the 2017 Bonds, (the “Outstanding Parity Bonds”).

The 2019 Bonds and the Outstanding Parity will be equally and ratably secured under the Indenture.

Security And Source Of Payment

The 2019 Bonds are special limited obligations of the City payable on a parity with the Outstanding Parity Bonds solely from and secured solely by the Revenues, moneys, securities and funds pledged therefor under the Indenture.

* Preliminary; subject to change.

The Revenues consist of:

(i) 100% of the revenues received by the City from the Local Option Sales and Use Tax (the “Pledged Sales and Use Taxes”) levied by the City pursuant to the Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code (the “Local Sales and Use Tax Act”);

(ii) 100% of the revenues received by the City from the resort communities tax and the additional resort communities tax (the “Pledged Resort Taxes”) levied by the City pursuant to Title 59, Chapter 12, Part 4, Utah Code (the “Resort Communities Tax Act”); and

(iii) 100% of the revenues received by the City from the municipal transient room tax (the “Pledged Municipal Transient Room Taxes”) levied by the City pursuant to Title 59, Chapter 12, Part 3A, Utah Code (the “Municipal Transient Room Tax Act”). The Pledged Municipal Transient Room Taxes were levied by the City on January 1, 2018 and were added to the pledge under the Indenture in connection with the issuance of the 2017 Bonds and pursuant to the Fifth Supplemental Indenture.

The Pledged Sales and Use Taxes, the Pledged Resort Taxes and the Pledged Municipal Transient Room Taxes are collectively the “Pledged Taxes.” For detailed information regarding the Pledged Taxes see “SECURITY AND SOURCES OF PAYMENT—Pledged Taxes” below.

No assurance can be given that the Pledged Taxes will remain sufficient for the payment of the principal of or interest on the 2019 Bonds and the Outstanding Parity Bonds and the City is limited by State law in its ability to increase the rate of such taxes. The Pledged Resort Taxes are subject to termination under certain circumstances which are not within the control of the City. See “INVESTMENT CONSIDERATIONS” below. The 2019 Bonds and the Outstanding Parity Bonds do not constitute a general obligation indebtedness, a pledge of the ad valorem taxing power or the full faith and credit of the City and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant any security interest in the improvements financed with the proceeds of the 2019 Bonds or any portion thereof to secure payment of the 2019 Bonds and the Outstanding Parity Bonds.

The 2019 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—Issuance Of Additional Bonds” below. The 2019 Bonds, the Outstanding Parity Bonds and any Additional Bonds collectively referred to herein as the “Bonds.”

Pledged Taxes

The Pledged Taxes for Fiscal Year 2018 were \$23,084,627 and will, if maintained at that level, provide projected coverage of approximately 3.1 times* the expected maximum debt service of approximately \$7,460,000* occurring in Fiscal Year 2021 of the Bonds. See “SECURITY AND SOURCES OF PAYMENT—Pledged Taxes,” “HISTORICAL DEBT SERVICE COVERAGE,” and “PROJECTED DEBT SERVICE COVERAGE” below.

Under the Indenture the City may issue Additional Bonds if Pledged Taxes for any consecutive 12-month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 200% of the maximum annual debt service on all Bonds including the Additional Bonds to be Outstanding following the issuance of the Additional Bonds. See “SECURITY AND

* Preliminary; subject to change.

SOURCES OF PAYMENT—Pledged Taxes” and “PROJECTED DEBT SERVICE COVERAGE” below.

Redemption Provisions

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2019 BONDS—Redemption Provisions” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” below.

Registration, Denominations, Manner Of Payment

The 2019 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 2019 Bonds. Purchases of 2019 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Participants (as defined herein). Beneficial Owners (as defined herein) of the 2019 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 2019 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX E—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2019 Bonds (interest payable June 15 and December 15 of each year, commencing June 15, 2019) are payable by Zions Bank, as Paying Agent for the 2019 Bonds, to the registered owners of the 2019 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 2019 Bonds, as described under “APPENDIX E—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the sole registered owner of the 2019 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 2019 Bonds. Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2019 Bonds.

Tax-Exempt Status Of The 2019 Bonds

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019 Bonds is exempt from State of Utah individual income taxes.

See “TAX MATTERS” below for a more complete discussion. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2019 Bonds.

Professional Services

In connection with the issuance of the 2019 Bonds, the following have served the City in the capacity indicated.

Trustee, Registrar and Paying Agent
Zions Bancorporation National Association
Zions Bank Building
Corporate Trust Department
One S Main St 12th Floor
Salt Lake City UT 84133–1109
801.844.7561 | f 855.547.5428
shelene.brown@zionsbancorp.com

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

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

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

The 2019 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 by Gilmore & Bell, P.C., 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 by Gilmore & Bell, P.C. It is expected that the 2019 Bonds, in book–entry form, will be available for delivery to DTC or its agent on or about Wednesday, March 6, 2019.

Continuing Disclosure Undertaking

The City will enter a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX D—PROPOSED 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 2019 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 2019 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 2019 Bonds are qualified by reference to bankruptcy 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. Other documentation authorizing the issuance of the 2019 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”) to the City:

Brian Baker, Vice President, brian.baker@zionsbancorp.com
Eric John Pehrson, Senior Vice President, eric.pehrson@zionsbancorp.com

Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th 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 2019 Bonds is:

Nate Rockwood, Director of Redevelopment and Capital Management
nrockwood@parkcity.org

Park City
445 Marsac Ave
(P.O. Box 1480)
Park City UT
435.615.5000 | f 801.852.6107

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2019 Bonds

The City will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2019 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX D—PROPOSED 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 2019 comprehensive annual financial report and other operating and financial information for the 2019 Bonds on or before January 1, 2020 (185 days 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 Indenture and the Beneficial Owners of the 2019 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 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2019 Bonds and their market price.

INVESTMENT CONSIDERATIONS

This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this OFFICIAL STATEMENT, in evaluating an investment in the 2019 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the 2019 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the 2019 Bonds are advised to consider the following factors, among others, and to review this entire OFFICIAL STATEMENT to obtain information essential to making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could adversely affect the financial condition of the City or its ability to make scheduled debt service payment on Bonds. There can be no assurance that other risks not discussed herein will not become material in the future.

Uncertainty Of Economic Activity And Sales Taxes

The amount of Pledged Taxes to be collected by the City is dependent on several factors beyond the control of the City, including, but not limited to, the state of the United States economy and the economy of the State and the City. Any one or more of these factors could result in the City receiving less Pledged Taxes than anticipated. During periods in which economic activity declines, Pledged Taxes are likely to fall as compared to an earlier year. In addition, Pledged Taxes are dependent on the volume of the transactions subject to the tax. From time to time, proposals have been made by the Utah State Legislature (the “State Legislature”) to add or remove certain types of purchases from the sales tax and the State (like many other states) has recognized the potential reduction in sales tax revenues because of purchases made through the internet and other non-traditional means. In addition, the State Legislature has, from time to time, considered legislation to revise the amount of sales tax to be levied or to adjust the method of allocating sales tax to local governmental entities. The City cannot predict what impact these items may have on the Pledged Taxes it receives.

Eligibility To Collect Resort Communities Tax

The City’s ability to collect the Pledged Resort Taxes depends on the City’s transient room capacity remaining at a level of 66% or greater of its permanent census population. The City’s transient room capacity has consistently been well above the minimum requirement. There is no guarantee, however, that the City will continue to have the minimum transient room capacity required under the Resort Communities Tax Act. See “SECURITY AND SOURCES OF PAYMENT—Pledged Revenues—Pledged Resort Taxes” below.

The City is required, under the Resort Communities Tax Act, to file a report with the State Tax Commission setting forth its transient room capacity. The State Tax Commission is to send the City a response no later than September 1 of that year indicating whether the City is eligible to continue imposing the Resort Communities Tax. If the City files reports for two consecutive years that result in the State Tax Commission sending a response which confirms that the City has fallen below the required transient room capacity, the City will lose its eligibility to collect the Pledged Resort Taxes beginning July 1 of the third year, until the City meets the requirements under the Resort Communities Tax Act and the State Tax Commission grants the City eligibility to collect the Pledged Resort Taxes.

The City cannot control the Resort Percentage. Prospective purchasers of the 2019 Bonds should consider the possibility that the City may not be permitted to collect the Pledged Resort Tax under the circumstances described above.

Dependence On Tourism/Ski Industry

The City is a resort community and a significant portion of its economy is based upon the ski industry. The area in which the City is located is home to two ski resorts: Deer Valley and the Park City Moun-

tain Resort. Revenues from Pledged Taxes track the activity in the local ski industry. Declines in tourism and skiing activity in the area may adversely affect the amount of Revenues from Pledged Taxes pledged to the payment of the Bonds.

The 2019 Bonds Are Limited Obligations

The 2019 Bonds are special limited obligations of the City, payable solely from the Revenues, monies, securities and funds pledged. Therefore, no assurance can be given that the amount of Pledged Taxes received by the City will remain sufficient for the payment of the principal or interest on the 2019 Bonds and the City is limited by State law in its ability to increase the rate of such taxes. The 2019 Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in any of the projects financed with the proceeds of the 2019 Bonds to secure payment of the 2019 Bonds.

Also, see “SECURITY AND SOURCES OF PAYMENT—State Pledge Of Nonimpairment” below.

Limitation On Increasing Rates For Pledged Taxes

The City currently levies the maximum rate allowed under State law for all taxes making up the Pledged Taxes. No assurance can be given that the Pledged Taxes will remain sufficient for the payment of the principal of or interest on the 2019 Bonds and the Outstanding Parity Bonds and the City is limited by State law in its ability to increase the rate of such taxes.

No Reserve Fund Requirement For The 2019 Bonds

Pursuant to the Indenture, each Series of Bonds may be secured by a separate subaccount in the Debt Service Reserve Fund. *Upon the issuance of the 2019 Bonds there will be no funding of a subaccount of the Debt Service Reserve Fund with respect to the 2019 Bonds.*

Legislative Changes To Sales Tax Statutes

The State Legislature has authority to alter the statutes under which the City derives its various sales and use tax revenues, including specifically the Pledged Taxes. From time to time proposals are discussed and introduced to change these statutes, including changes that could significantly reduce the amount of Pledged Taxes the City receives. This can be done by, among other things, expanding or diminishing the sales tax base or, in the case of the Pledged Sales and Use Taxes (as described herein) altering the formula by which the tax revenues are allocated among the counties, cities and towns within the State. The City cannot predict whether the State Legislature will change sales and use tax base and/or distributions, including changes that could affect Pledged Taxes at some point in the future.

THE 2019 BONDS

General

The 2019 Bonds are dated the date of delivery¹ thereof (the “Dated Date”) and will mature on December 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

¹ The anticipated date of delivery is Wednesday, March 6, 2019.

The 2019 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 2019 Bonds is payable on June 15, 2019, and semi-annually thereafter on each June 15 and December 15. Interest on the 2019 Bonds shall be computed based on a 360-day year comprised of 12, 30-day months. Zions Bank is the initial Registrar, Paying Agent and Trustee with respect to the 2019 Bonds (in such respective capacities, the “Registrar,” “Paying Agent” and “Trustee”).

The 2019 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

Redemption Provisions

Optional Redemption. The 2019 Bonds maturing on or prior to December 15, 2028 are not subject to redemption prior to maturity. The 2019 Bonds maturing on or after December 15, 2029, are subject to redemption at the option of the City on December 15, 2028, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the City, at a redemption price equal to 100% of the principal amount of the 2019 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Selection for Redemption. If less than all 2019 Bonds of any maturity are to be redeemed, the 2019 Bonds or portion of 2019 Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any registered 2019 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2019 Bonds for redemption, the Trustee will treat each such 2019 Bond as representing that number of 2019 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2019 Bond by \$5,000.

Notice of Redemption. Notice of redemption will be given by the Registrar by first class 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 2019 BONDS—Registration And Transfer; Record Date” below, of each 2019 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 Registrar or at such other address as is furnished to the 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 2019 Bonds are to be redeemed, the distinctive numbers of the 2019 Bonds or portions of 2019 Bonds to be redeemed, and will also state that the interest on the 2019 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 2019 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 Trustee, 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 2019 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 2019 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 Trustee will within a reasonable time thereafter give notice, in the way 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 2019 Bond will not affect the validity of the proceedings for redemption with respect to any other 2019 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Trustee to the MSRB 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 2019 Bonds, the 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 2019 Bonds. See “THE 2019 BONDS—Book–Entry System” below.

Mandatory Sinking Fund Redemption At Bidder’s Option

The 2019 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option.”

Book–Entry System

DTC will act as securities depository for the 2019 Bonds. The 2019 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 2019 Bond certificate will be issued for each maturity of the 2019 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.

Registration And Transfer; Record Date

Registration and Transfer. In the event the book–entry only system is discontinued, any 2019 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. No transfer will be effective until entered on the registration books kept by the Registrar. Whenever any 2019 Bond is surrendered for transfer, the Registrar shall authenticate and deliver a new fully–registered 2019 Bond or 2019 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 2019 Bonds may be exchanged at the principal corporate office of the Trustee for a like aggregate principal amount of fully–registered 2019 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2019 Bonds, the Trustee 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 2019 Bonds.

Record Date. “Regular Record Date” means the fifteenth day immediately preceding each Interest Payment Date. “Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with the Indenture. The Trustee will 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 15 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 15 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 City, the Registrar and the Paying Agent may treat and consider the person in whose name each 2019 Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such 2019 Bond for payment of principal, premium and interest with respect to such 2019 Bond and for all other purposes whatsoever. See “APPENDIX E—BOOK—ENTRY SYSTEM” for a more detailed discussion of the book—entry system and DTC.

Debt Service On The 2019 Bonds

| <u>Payment Date</u> | <u>The 2019 Bonds</u> | | <u>Period Total</u> | <u>Fiscal Total</u> |
|------------------------|------------------------|-----------------|---------------------|---------------------|
| | <u>Principal*</u> | <u>Interest</u> | | |
| June 15, 2019..... | \$ 0.00 | \$ | \$ | |
| December 15, 2019..... | 1,300,000.00 | | | |
| June 15, 2020..... | 0.00 | | | |
| December 15, 2020..... | 1,375,000.00 | | | |
| June 15, 2021..... | 0.00 | | | |
| December 15, 2021..... | 1,425,000.00 | | | |
| June 15, 2022..... | 0.00 | | | |
| December 15, 2022..... | 1,500,000.00 | | | |
| June 15, 2023..... | 0.00 | | | |
| December 15, 2023..... | 1,575,000.00 | | | |
| June 15, 2024..... | 0.00 | | | |
| December 15, 2024..... | 1,675,000.00 | | | |
| June 15, 2025..... | 0.00 | | | |
| December 15, 2025..... | 1,750,000.00 | | | |
| June 15, 2026..... | 0.00 | | | |
| December 15, 2026..... | 1,850,000.00 | | | |
| June 15, 2027..... | 0.00 | | | |
| December 15, 2027..... | 1,950,000.00 | | | |
| June 15, 2028..... | 0.00 | | | |
| December 15, 2028..... | 2,025,000.00 | | | |
| June 15, 2029..... | 0.00 | | | |
| December 15, 2029..... | 2,125,000.00 | | | |
| June 15, 2030..... | 0.00 | | | |
| December 15, 2030..... | 2,175,000.00 | | | |
| June 15, 2031..... | 0.00 | | | |
| December 15, 2031..... | 2,250,000.00 | | | |
| June 15, 2032..... | 0.00 | | | |
| December 15, 2032..... | 2,325,000.00 | | | |
| June 15, 2033..... | 0.00 | | | |
| December 15, 2033..... | <u>2,400,000.00</u> | | | |
| Totals..... | <u>\$27,700,000.00</u> | \$ | \$ | |

* Preliminary; subject to change.

(Source: Municipal Advisor.)

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Sources And Uses Of Funds

The proceeds from the sale of the 2019 Bonds are estimated to be applied as set forth below:

Sources of Funds:

| | |
|-------------------------------|----|
| Par amount of 2019 Bonds..... | \$ |
| Original issue premium..... | |
| Total | \$ |

Uses of Funds:

| | |
|-----------------------------------|----|
| Deposit to Project Account | \$ |
| Successful bidder's discount..... | |
| Original issue discount..... | |
| Costs of Issuance (1)..... | |
| Total | \$ |

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

(Source: Municipal Advisor.)

SECURITY AND SOURCES OF PAYMENT

The Indenture

The Bonds are special limited obligations of the City, payable solely from and secured by a pledge of the Revenues and certain funds and accounts pledged therefor and established by the Indenture. The Revenues consist of all the revenues produced by the Pledged Taxes. No assurance can be given that the Pledged Taxes will remain sufficient for the payment of principal of and interest on the 2019 Bonds and the City is limited by State law in its ability to increase the rate of such taxes. The Pledged Resort Taxes are subject to termination under certain circumstances which are not in within the control of the City. See "INVESTMENT CONSIDERATIONS—Eligibility To Collect Resort Communities Tax" above. The Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or full faith and credit of the City and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in any of the improvements financed with the proceeds of the 2019 Bonds to secure payment of the Bonds.

Upon the occurrence of an Event of Default specified in the Indenture, the Trustee or the Registered Owners of the Bonds may pursue certain remedies to enforce the obligations of the City under the Indenture. These remedies do not include the right to declare all the principal of and interest on the Bonds to be immediately due and payable. See "APPENDIX B—THE GENERAL INDENTURE OF TRUST—Article VII—Events of Default; Remedies" (page B-43).

State Pledge Of Nonimpairment

In accordance with the provisions of the Bonding Act, the State pledges and agrees with the holders of the Bonds that it will not alter, impair or limit the sales taxes in a manner that reduces the amounts to be rebated to the City which are devoted or pledged for the payment of the 2019 Bonds until the 2019 Bonds, together with applicable interest, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the holders of outstanding 2019 Bonds.

The City notes that this provision has not been interpreted by a court of law and, therefore, the extent that such provision would (i) be upheld under constitutional or other legal challenge, (ii) protect the cur-

rent rates and collection of all Pledged Taxes, or (iii) impact any other aspect of Pledged Taxes, cannot be predicted by the City.

Flow Of Funds

To secure timely payment of the principal of and interest on the 2019 Bonds, the City has pledged and assigned to the Trustee the Pledged Taxes and all moneys in certain funds and accounts established by the Indenture. The Indenture establishes a Construction Fund, a Revenue Fund, a Bond Fund, and certain other funds and accounts.

The Indenture provides that all Pledged Taxes shall be accounted for and maintained by the City separate and apart from all other moneys of the City. The Indenture provides that the Pledged Taxes shall be expended and used by the City only in the manner indicated in the Indenture, see “APPENDIX B—THE GENERAL INDENTURE OF TRUST—Article V. Uses of Funds—Section 5.2 Application of Revenues” (page B-31).

Pledged Taxes

Pledged 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.

The Local Sales and Use Tax Act provides that each county, city and town in the State may levy a local sales and use tax of up to 1% on the purchase price of taxable goods and services. Although local governments may elect to levy sales and use taxes at rates less than 1%, various provisions of the Local Sales and Use Tax Act encourage them to levy these taxes at the rate of 1%. The legislative intent contained in the Local Sales and Use Tax Act is to provide an additional source of revenue to assist them to meet their financial needs and to service their bonded indebtedness. The local sales and use taxes discussed in this paragraph and received by the City are the Pledged Sales and Use Taxes from which a portion of the Revenues is derived. *The City has levied the Pledged Sales and Use Taxes at the maximum legal rate of 1%.*

Local sales and use taxes, including the Pledged Sales and Use Taxes, are collected by the State Tax Commission and distributed monthly to each county, city and town. Generally, the distributions are based on a formula, which provides that (i) 50% of sales tax collections will be distributed based on the percentage of the population of the local government to the total population of all similar local governments in the State and (ii) 50% of sales tax collections will be distributed based on the point of sale (the “50/50 Distribution”). The 50/50 Distribution formula is subject to legislative changes and the State Legislature has from time to time discussed altering this 50/50 Distribution formula. Because the City generates more taxes by point of sale than by population as a percentage of the State’s overall population an

adjustment to sales tax revenue distribution giving greater weight to population could significantly decrease the City's receipt of Pledged Sales and Use Taxes. Changes to such formula have been and continue to be under discussion and the City cannot predict whether the State Legislature will make any such adjustments.

Pledged Resort Taxes. The Resort Communities Tax Act provides that certain cities or towns may, in addition to other sales and use taxes, levy a resort communities tax of up to 1.1% and, with voter approval, an additional resort communities tax of 0.50% on transactions involving taxable goods and services occurring within said resort community. (Sales of motor vehicles, aircraft, watercraft and modular, manufactured or mobile homes are exempt from the resort communities tax, as are wholesale sales and sales that qualify for a specific exemption under Title 59, Chapter 12, Part 104 of the Utah Code.) The resort communities' sales taxes discussed in this paragraph and received by the City are the Pledged Resort Taxes from which a portion of the Revenues is derived. *The City has levied the Pledged Resort Taxes at the maximum legal rate of 1.60%*

To be eligible to impose a resort communities tax, a city or town must have a transient room capacity of greater than or equal to 66% of said city or town's permanent census population. For purposes of the Resort Communities Tax Act, "transient room capacity" is defined as the sum of (i) high-occupancy lodging unit capacity, or the number of bedrooms in a hostel or hostel-like facility, (ii) recreational lodging unit capacity, or the number of sites in a campground or recreational vehicle park meeting certain requirements, including the provision of certain utility services, (iii) special lodging unit capacity, or any one of the units or sites described in (i) or (ii) above for which the State Tax Commission has determined should be calculated differently than as described, and (iv) standard lodging unit capacity, or the number of bedrooms available in hotels, motels, bed & breakfasts, inns and certain qualifying condominium units.

While the City has consistently met and exceeded the transient room capacity minimum requirement, it recently found that the source providing the transient room count for the calculation was including rooms outside the City limits. The City subsequently reviewed and restated its transient room capacity percentages and it continues to be well above the minimum required to levy the resort communities tax. For Fiscal Year 2017 and Fiscal Year 2018, the City's transient room capacity as a percentage of its permanent census population was 264% and 261%, respectively. The City also notes that the table showing transient room capacity in the Statistical Section of the City's comprehensive annual financial report (the "CAFR") (Schedule 24. Transient Room Capacity as a Percentage of Population—Last Ten Fiscal Years" (CAFR page 136)) is based on a room count, instead of the room capacity used in the calculation required by the State for the resort communities tax and is not relevant for this purpose.

Presently, the City levies the maximum legal rate of 1.10% resort communities tax under Section 401 of the Resort Communities Tax Act and a maximum legal rate of 0.50% resort communities tax under Section 402 of the Resort Communities Tax Act. Vendors located in the City collect these taxes on goods and services and remit the total amount due to the State Tax Commission. The State Tax Commission then distributes the resort communities tax revenues monthly to the City.

Prior to 2014, only 75% of the 1.1% portion (the Part 401 resort tax) was pledged to the payment of the Bonds; however, effective with the issuance of the 2014A Bonds and the 2014B Bonds, the City pledged the full 1.1% and the 0.50% portion (the Part 402 resort tax) as security for the Bonds.

The Resort Communities Tax Act requires each city levying a resort communities tax to file a report each July 1 with the State Tax Commission setting forth, among other items, the transient room capacity for said city. If a city reports that its transient room capacity is below the required 66%, the State Tax Commission is to provide written notice and confirmation to the city no later than September 1 that the city does not have the requisite transient room capacity. If a city is so notified for two consecutive years, the city may not impose the resort communities tax beginning on July 1 of the year after the city has received the second notice of non-eligibility from the State Tax Commission until the city meets the re-

quirements under the Resort Communities Tax Act. The City cannot control its transient room capacity. Prospective purchasers of the 2019 Bonds should consider the possibility that the City may not be permitted to collect the Pledged Resort Tax under the circumstances described above.

Pledged Municipal Transient Room Taxes. The Municipal Transient Room Tax Act provides that certain cities or towns may, in addition to other sales and use taxes, adopt an ordinance imposing the levy of a sales and use tax of a maximum 1% on tourist home, hotel, motel, or trailer court accommodations and services that are regularly rented for less than 30 consecutive days.

In July 2017, the City passed Ordinance 2017–34 establishing the municipal transient room sales tax within the City at 1% with an effective date of January 1, 2018. The municipal transient room sales taxes discussed in this paragraph and to be received by the City are the Pledged Municipal Transient Room Taxes from which a portion of the Revenues will be derived. *The City is levying the Pledged Municipal Transient Room Taxes at the maximum legal rate of 1%*

Vendors located in the City are to collect these taxes on goods and services and remit the total amount due to the State Tax Commission. The State Tax Commission is to distribute the municipal transient room sales taxes revenues monthly to the City. The City collected \$1,592,720 in pledged Municipal Transient Room Taxes in Fiscal Year 2018. The City estimates that full annual Fiscal Year revenues, in Fiscal Year 2019, from Pledged Municipal Transient Room Taxes will be approximately \$2,633,400.

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Historical Revenues from Pledged Taxes. The following table shows the amount of Revenues from Pledged Taxes received by the City from the State Tax Commission in the last 10 Fiscal Years.

| Fiscal Year Ended June 30 | Pledged Sales and Use Taxes | | Pledged Resort Taxes (1) | | Pledged Municipal Transient Room Taxes (5) | | Total Pledged Taxes | |
|------------------------------------|--------------------------------|--------------------------------------|-----------------------------|--------------------------------------|--|--------------------------------------|------------------------|--------------------------------------|
| | Amount | % change from prior year | Amount | % change from prior year | Amount | % change from prior year | Amount | % change from prior year |
| 2018..... | \$5,915,331 | 5.2 | \$ 15,576,576 | 6.0 | \$1,592,720 | n/a | \$ 23,084,627 | 13.6 |
| 2017..... | 5,620,687 | 8.5 | 14,695,222 | 9.1 | – | – | 20,315,909 | 8.9 |
| 2016..... | 5,180,094 | 9.5 | 13,472,257 (2) | 10.8 | – | – | 18,652,351 | 10.4 |
| 2015..... | 4,731,904 | 8.8 | 12,158,993 (2) | 9.8 | – | – | 16,890,897 | 9.6 |
| 2014..... | 4,347,534 | 3.8 | 11,070,469 (3) | 41.2 | – | – | 15,418,003 | 28.2 |
| 2013..... | 4,187,472 | 1.5 | 7,837,546 (4) | 44.0 | – | – | 12,025,018 | 25.7 |
| 2012..... | 4,125,435 | 4.0 | 5,443,231 | 8.4 | – | – | 9,568,666 | 6.5 |
| 2011..... | 3,966,554 | (0.6) | 5,022,250 | 12.0 | – | – | 8,988,804 | 6.1 |
| 2010..... | 3,990,274 | 2.8 | 4,483,804 | (4.8) | – | – | 8,474,078 | (1.4) |
| 2009..... | 3,881,142 | (4.1) | 4,709,483 | (8.7) | – | – | 8,590,625 | (6.7) |

(1) Pledged Resort Taxes equaled 75% of the total revenues collected pursuant to the City’s levy of the 1.1% Resort Sales and Use Tax prior to Fiscal Year 2014. The City previously earmarked 25% of the total of such revenues to transit-related projects and improvements; however, with the issuance of the 2014 Bonds, all such revenues and the Additional Resort Communities Sales and Use Tax of 0.5% were pledged to the payment of Bonds.

(2) Restated by the City to include revenues from the 0.5% Additional Resort Communities Sales and Use Tax and the full 1.1% Resort Sales and Use Tax.

(3) Restated by the City to include the full 1.1% Resort Sales and Use Tax and the 0.5% Additional Resort Communities Sales and Use Tax. The 0.5% Additional Resort Communities Sales and Use Tax implemented in Fiscal Year 2013, went into effect in Fiscal Year 2014.

(4) Restated by the City.

(5) The City began collecting these revenues on January 1, 2018.

(Source: The City.)

The City's presentation of historical pledged taxes as in "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 25. Historical Pledged Taxes" (CAFR page 137) does not include revenues from the Municipal Transient Room Taxes and restated revenues of the Pledged Resort Taxes and should not be relied on for purposes of this OFFICIAL STATEMENT.

The Larger Sales Taxpayers. State law prohibits disclosure of actual dollar figures of sales and use tax collections by specific businesses. However, in Fiscal Year 2018, the largest 10 businesses collected approximately 38% of the total sales tax collected in the City. The largest tax collection by a single business was approximately 9.5%. Those larger sales tax payers include lodging services and retail business, resort service industries and utilities. (Source: The City from data provided by the Utah State Tax Commission.)

Other Sales And Use Taxes

Total City-Wide Sales and Use Taxes. As of the date of this OFFICIAL STATEMENT, the City's general sales and use tax rate is 8.70% (consisting of 4.70% state tax; 1% local tax (these sales and use tax revenues pledged to the repayment of the Bonds); 0.25% county option; 0.30% mass transit; 0.25% additional mass transit; 0.25% county option transportation; 0.25% transportation infrastructure; 0.10% botanical, cultural, zoo; and 1.6% resort community (which includes 0.50% additional resort community room) (these sales and use tax revenues pledged to the repayment of the Bonds).

In addition, the City imposes a 1% municipal transient room tax (these sales and use tax revenues pledged to the repayment of the Bonds); a 6% municipal energy tax and a 3.5% municipal telecommunications license tax.

County-Wide Sales and Use Taxes. Within the City are county-wide sales and use taxes *which are not pledged to the repayment of Bonds*. For example, as of the date of this OFFICIAL STATEMENT, other county-wide sales tax levies include:

(i) a 3% transient room tax; (ii) a 2.5% motor vehicle leasing tax; (iii) a 1% tourism–restaurant tax; and (iv) a \$1.32 monthly per line county telecommunications (consisting of \$0.71 E911 emergency; \$0.09 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 4.70% (as indicated above) of the purchase price of taxable goods and services; a 0.32% transient room tax; and 3% on unprepared food and food ingredients (1.75% State; local option 1% and county option 0.25%). For residential energy use, the State currently imposes a tax rate of 2.0%.

No Debt Service Reserve Fund For The 2019 Bonds And Outstanding Parity Bonds

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

2019 Bonds. There will be no funding of a subaccount of the Debt Service Reserve Fund with respect to the 2019 Bonds.

Outstanding Parity Bonds. No subaccount of the Debt Service Reserve Fund has been required to be funded with respect to the Outstanding Parity Bonds.

Issuance Of Additional Bonds

No additional indebtedness, bonds or notes of the City secured by a pledge of the Revenues senior to the pledge of Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations, if any, authorized under the Indenture shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds and the Security Instrument Issuers. In addition, no Additional Bonds or other indebtedness, bonds or notes of the City payable on a parity with the Bonds au-

thorized by the Indenture out of Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred and be continuing under the Indenture on the date of authentication of any Additional Bonds. This paragraph (a) shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of Additional Bonds and the application of the proceeds thereof; and

(b) A certificate shall be delivered to the Trustee by an Authorized Representative to the effect that the Revenues for any consecutive 12-month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 200% of the sum of (x) the maximum Aggregate Annual Debt Service Requirement on all Bonds and Additional Bonds to be Outstanding following the issuance of the Additional Bonds plus (y) the maximum annual installments due on all Reserve Instrument Repayment Obligations to be outstanding following the issuance of such Additional Bonds; and

provided, however, that such Revenue coverage test set forth above shall not apply to the issuance of any Additional Bonds to the extent (i) they are issued for the purpose of refunding Bonds issued under the Indenture, (ii) the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith, and (iii) the maximum Aggregate Annual Debt Service Requirement for such Additional Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith; and

(c) All payments required by the Indenture to be made into the Bond Fund must have been made in full, and there must be on deposit in each account of the Debt Service Reserve Fund (considering any Reserve Instrument coverage) the full amount required to be accumulated therein at the time of issuance of the Additional Bonds; and

(d) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued under the Indenture or other obligations of the City (including the funding of necessary reserves and the payment of costs of issuance) and/or (ii) to finance or refinance a project (including the funding of necessary reserves and the payment of costs of issuance).

Issuance Of Future Additional Bonds

The City anticipates it may issue additional sales tax revenue bonds in the future on a parity with the Bonds. The City may issue approximately \$50 million of sales tax revenue bonds beginning in Fiscal Year 2021 for arts and cultural projects.

HISTORICAL DEBT SERVICE COVERAGE

The following table shows the past 10 Fiscal Years of debt service requirements for the Outstanding Parity Bonds, the historical Pledged Taxes received by the City and pledged to the payment of the Bonds and the coverage factor of Pledged Taxes to debt service on the Outstanding Parity Bonds. The City's first issuance of sales tax bonds was in Fiscal Year 1996.

| Fiscal Year Ending June 30 | Total Debt Service on Outstanding Parity Bonds | Pledged Taxes (1) | Debt Service Coverage (2) |
|----------------------------------|---|----------------------|---------------------------------|
| 2018 | \$5,025,880 | \$23,084,627 | 4.6X |
| 2017 | 2,250,337 | 20,315,909 | 9.0 |
| 2016 | 2,587,034 | 18,652,351 | 7.2 |
| 2015 | 1,525,470 | 16,890,897 | 11.1 |
| 2014 | 1,554,863 | 15,418,003 | 9.9 |
| 2013 | 1,561,587 | 12,025,018 | 7.7 |
| 2012 | 2,245,313 | 9,568,666 | 4.3 |
| 2011 | 1,943,180 | 8,988,804 | 4.6 |
| 2010 | 1,925,463 | 8,474,078 | 4.4 |
| 2009 | 2,424,088 | 8,590,625 | 3.5 |

(1) See “SECURITY AND SOURCES OF PAYMENT—Pledged Taxes—Historical Revenues from Pledged Taxes” above.

(2) Multiple by which Pledged Taxes exceed Total Debt Service of the City’s Outstanding Parity Bonds.

(Source: Municipal Advisor.)

PROJECTED DEBT SERVICE COVERAGE

Forward Looking Information. The City does not as a matter of course make public projections as to future revenues, income or other results. However, the City prepared the prospective financial information set forth below in the table “Projected Debt Service Coverage” to present projected debt service coverage on the 2019 Bonds and the Outstanding Parity Bonds. 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 management, was prepared on a reasonable basis, 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 or was prepared by carrying forward historical information to future years. 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, 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 Pledged Taxes And Debt Service Coverage

For purposes of the following debt service coverage table, the amount of Pledged Taxes estimated to be collected for Fiscal Year 2019 is shown for all years during which the 2019 Bonds and the Outstanding Parity Bonds are scheduled to be outstanding.

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| Fiscal Year Ending June 30 | The Bonds | | | Pledged Taxes | Debt Service Cover- age (3) |
|----------------------------------|--------------------------------------|--|--------------------------|------------------|--------------------------------------|
| | 2019 Bonds Debt Service (a) | Outstanding Parity Bonds Debt Service | Total Debt Service | | |
| Projected: | | | | | |
| 2019..... | \$ 318,863 | \$ 5,018,890 | \$ 5,337,753 | \$24,121,907 (2) | 4.5 X |
| 2020 (1)..... | 2,427,000 | 5,021,690 | 7,448,690 | 24,121,907 | 3.2 |
| 2021..... | 2,435,125 | 5,024,990 | 7,460,115 | 24,121,907 | 3.2 |
| 2022..... | 2,415,125 | 4,538,965 | 6,954,090 | 24,121,907 | 3.5 |
| 2023..... | 2,417,000 | 4,542,416 | 6,959,416 | 24,121,907 | 3.5 |
| 2024..... | 2,415,125 | 4,539,566 | 6,954,691 | 24,121,907 | 3.5 |
| 2025..... | 2,433,875 | 4,538,266 | 6,972,141 | 24,121,907 | 3.5 |
| 2026..... | 2,423,250 | 4,540,866 | 6,964,116 | 24,121,907 | 3.5 |
| 2027..... | 2,433,250 | 4,543,416 | 6,976,666 | 24,121,907 | 3.5 |
| 2028..... | 2,438,250 | 4,537,266 | 6,975,516 | 24,121,907 | 3.5 |
| 2029..... | 2,413,875 | 4,536,316 | 6,950,191 | 24,121,907 | 3.5 |
| 2030..... | 2,431,375 | 3,770,503 | 6,201,878 | 24,121,907 | 3.9 |
| 2031..... | 2,416,875 | 2,767,548 | 5,184,423 | 24,121,907 | 4.7 |
| 2032..... | 2,425,500 | 2,771,808 | 5,197,308 | 24,121,907 | 4.6 |
| 2033..... | 2,431,875 | — | 2,431,875 | 24,121,907 | 9.9 |
| 2034..... | 2,436,000 | — | 2,436,000 | 24,121,907 | 9.9 |
| Totals..... | <u>\$36,712,363</u> | <u>\$ 60,692,506</u> | <u>\$ 97,404,869</u> | | |

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 3.79% per annum.

(1) Projected Pledged Taxes are held constant after Fiscal Year 2019.

(2) Preliminary Fiscal Year 2019 estimate based on the historical collections of Pledged Taxes for Fiscal Year 2018 (of \$5,915,331 of Pledged Sales and Uses Taxes; \$15,576,576 of pledged Resort Taxes; and a full year of Municipal Transient Room Taxes which is estimated by the City to be approximately \$2.63 million).

(3) Multiple by which Pledged Taxes exceed Total Debt Service.

(Source: Information from the City, compiled by the Municipal Advisor.)

THE 2019 PROJECT

The 2019 Bonds are being issued to finance (i) a portion of the costs of a revolving program of acquiring and constructing affordable housing units, (ii) parking and plaza improvements, (iii) road improvements, (iv) open space acquisition and (v) park, recreation and community center improvements (collectively, the “2019 Project”).

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 8,378 residents per the 2017 U.S. Census Bureau estimates.

The City maintains a website that may be accessed at <http://parkcity.org>.

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 41,106 residents per the 2017 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.

The City’s estimated 2017 permanent population significantly understates the scale of the City. The City has approximately 9,400 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 2018—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 executive 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:

| <u>Office/District</u> | <u>Person</u> | <u>Years of Service</u> | <u>Expiration of Term</u> |
|---|--------------------|-------------------------|---------------------------|
| Mayor (1) | Andy Beerman | 1 | January 2022 |
| Council Member | Rebecca Gerber | 3 | January 2020 |
| Council Member | Tim Henney | 5 | January 2022 |
| Council Member | Steve Joyce | 1 | January 2022 |
| Council Member | Lynn Ware–Peek | 1 | January 2020 |
| Council Member | Nann Worel | 3 | January 2020 |
| City Manager | Diane Foster | 6 | Appointed |
| City Attorney | Mark D. Harrington | 18 | Appointed |
| City Recorder | Michelle Kellogg | 3 | Appointed |
| City Treasurer | Mindy Finlinson | 2 | Appointed |
| Director of Redevelopment and Capital Management | Nate Rockwood | 6 | Appointed |
| Finance Manager | Rebecca Gillis | 6 | Appointed |

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

(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 400 full–time equivalent employees as of Fiscal Year 2018. 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 2018—Statistical Section—Schedule 22—Full–time Equivalent City Government Employees by Function” (CAFR page 134).

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 2018—Notes to the Financial Statements—Note F. Retirement Plans” (CAFR page 70) and “–Note G. Defined Contribution Plans” (CAFR page 81).

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

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. 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. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH

FOR FISCAL YEAR 2018–Notes to the Financial Statements–Note K. Risk Management” (CAFR page 83) and “–Statistical Section–Schedule 28–Schedule of Insurance in Force” (CAFR page 140).

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 2018–Notes to the Financial Statements–Note B. Cash, Cash Equivalents and Investments” (CAFR page 53).

Investment of 2019 Bond Proceeds. Proceeds of the 2019 Bonds for the 2019 Project will be held by the Trustee and invested to be readily available. The 2019 Bond proceeds may also be invested in the PTIF or other available investment funds authorized under the Money Management Act.

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Population

| | <u>City</u> | % <u>Change From Prior Period</u> | <u>County</u> | % <u>Change From Prior Period</u> |
|--------------------|-------------|--|---------------|--|
| 2017 Estimate..... | 8,378 | 10.8 | 41,106 | 13.2 |
| 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) |
| 1910 Census..... | 3,439 | (8.5) | 8,200 | (13.1) |

(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 2018—Statistical Section—Schedule 23. Population Statistics” (CAFR page 135).

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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 from prior year | | | | |
|---|-------------------|----------|----------|----------|----------|----------|--------------------------|---------|---------|---------|---------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| Civilian labor force (2)..... | 22,746 | 24,597 | 23,964 | 23,120 | 22,543 | 22,039 | (7.5) | 2.6 | 3.7 | 2.6 | 2.3 |
| Employed persons..... | 22,004 | 23,839 | 23,212 | 22,355 | 21,769 | 21,124 | (7.7) | 2.7 | 3.8 | 2.7 | 3.1 |
| Unemployed persons..... | 742 | 758 | 752 | 765 | 774 | 915 | (2.1) | 0.8 | (1.7) | (1.2) | (15.4) |
| Total private sector (average)..... | 22,163 | 24,018 | 23,662 | 22,616 | 21,656 | 20,768 | (7.7) | 1.5 | 4.6 | 4.4 | 4.3 |
| Agriculture, forestry, fishing and hunting..... | 29 | 32 | 67 | 81 | 64 | 59 | (9.4) | (52.2) | (17.3) | 26.6 | 8.5 |
| Mining..... | 96 | 76 | 52 | 74 | 79 | 78 | 26.3 | 46.2 | (29.7) | (6.3) | 1.3 |
| Utilities..... | 44 | 47 | 48 | 48 | 44 | 45 | (6.4) | (2.1) | 0.0 | 9.1 | (2.2) |
| Construction..... | 1,786 | 1,665 | 1,542 | 1,568 | 1,343 | 1,177 | 7.3 | 8.0 | (1.7) | 16.8 | 14.1 |
| Manufacturing..... | 836 | 795 | 773 | 790 | 779 | 777 | 5.2 | 2.8 | (2.2) | 1.4 | 0.3 |
| Wholesale trade..... | 361 | 319 | 214 | 235 | 280 | 245 | 13.2 | 49.1 | (8.9) | (16.1) | 14.3 |
| Retail trade..... | 3,398 | 3,511 | 3,647 | 3,571 | 3,485 | 3,414 | (3.2) | (3.7) | 2.1 | 2.5 | 2.1 |
| Transportation and warehousing..... | 191 | 404 | 453 | 439 | 408 | 379 | (52.7) | (10.8) | 3.2 | 7.6 | 7.7 |
| Information..... | 393 | 327 | 350 | 314 | 289 | 279 | 20.2 | (6.6) | 11.5 | 8.7 | 3.6 |
| Finance and insurance..... | 448 | 488 | 473 | 479 | 450 | 391 | (8.2) | 3.2 | (1.3) | 6.4 | 15.1 |
| Real estate, rental and leasing..... | 1,232 | 1,250 | 1,313 | 1,317 | 1,320 | 1,284 | (1.4) | (4.8) | (0.3) | (0.2) | 2.8 |
| Professional, scientific, and technical services..... | 1,485 | 1,329 | 1,281 | 1,185 | 1,087 | 983 | 11.7 | 3.7 | 8.1 | 9.0 | 10.6 |
| Management of companies and enterprises..... | 229 | 280 | 259 | 251 | 186 | 98 | (18.2) | 8.1 | 3.2 | 34.9 | 89.8 |
| Admin., support, waste mgmt., remediation..... | 943 | 941 | 966 | 845 | 797 | 780 | 0.2 | (2.6) | 14.3 | 6.0 | 2.2 |
| Education services..... | 315 | 327 | 408 | 428 | 376 | 780 | (3.7) | (19.9) | (4.7) | 13.8 | (51.8) |
| Health care and social assistance..... | 1,477 | 1,487 | 1,406 | 1,271 | 1,183 | 329 | (0.7) | 5.8 | 10.6 | 7.4 | 259.6 |
| Arts, entertainment and recreation..... | 2,661 | 3,636 | 3,617 | 3,304 | 3,276 | 3,234 | (26.8) | 0.5 | 9.5 | 0.9 | 1.3 |
| Accommodation and food services..... | 5,432 | 6,353 | 6,101 | 5,819 | 5,612 | 5,544 | (14.5) | 4.1 | 4.8 | 3.7 | 1.2 |
| Other services..... | 836 | 784 | 720 | 639 | 636 | 632 | 6.6 | 8.9 | 12.7 | 0.5 | 0.6 |
| Total public sector (average)..... | 2,986 | 2,891 | 2,841 | 2,772 | 2,701 | 2,611 | 3.3 | 1.8 | 2.5 | 2.6 | 3.4 |
| Federal government..... | 50 | 55 | 56 | 55 | 57 | 56 | (9.1) | (1.8) | 1.8 | (3.5) | 1.8 |
| State government..... | 118 | 164 | 161 | 161 | 160 | 159 | (28.0) | 1.9 | 0.0 | 0.6 | 0.6 |
| Local government..... | 2,818 | 2,673 | 2,624 | 2,556 | 2,484 | 2,396 | 5.4 | 1.9 | 2.7 | 2.9 | 3.7 |
| Total payroll (in millions) (2)..... \$ | 288 | \$ 1,189 | \$ 1,099 | \$ 1,043 | \$ 936 | \$ 855 | 8.4 | 8.1 | 5.4 | 11.5 | 9.4 |
| Average monthly wage..... \$ | 3,821 | \$ 3,681 | \$ 3,456 | \$ 3,424 | \$ 3,202 | \$ 3,049 | 8.1 | 6.5 | 0.9 | 6.9 | 5.0 |
| Average employment..... | 25,149 | 26,909 | 26,503 | 25,388 | 24,356 | 23,379 | 0.2 | 1.5 | 4.4 | 4.2 | 4.2 |
| Establishments..... | 2,882 | 2,793 | 2,684 | 2,605 | 2,526 | 2,428 | 3.8 | 4.1 | 3.0 | 3.1 | 4.0 |

- (1) Utah Department of Workforce Services.
(2) For the year 2018, information as of October.
(3) For the year of 2018, information as of the second quarter; comparison made to second quarter 2017.

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 | | | | |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------------------|---------|---------|---------|---------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2016–17 | 2015–16 | 2014–15 | 2013–14 | 2012–13 |
| Total Personal Income (in \$1,000's): | | | | | | | | | | | |
| Summit County..... | \$ 5,012,126 | \$ 4,696,018 | \$ 4,476,539 | \$ 3,836,251 | \$ 3,621,922 | \$ 3,490,090 | 6.7 | 4.9 | 16.7 | 5.9 | 3.8 |
| State of Utah..... | 134,803,819 | 128,407,025 | 121,876,444 | 113,230,001 | 106,612,905 | 103,227,839 | 5.0 | 5.4 | 7.6 | 6.2 | 3.3 |
| Total Per Capita Personal Income: | | | | | | | | | | | |
| Summit County..... | 121,932 | 116,267 | 113,047 | 98,116 | 94,171 | 92,089 | 4.9 | 2.8 | 15.2 | 4.2 | 2.3 |
| State of Utah..... | 43,459 | 42,179 | 40,831 | 38,531 | 36,764 | 36,167 | 3.0 | 3.3 | 6.0 | 4.8 | 1.7 |
| Median Household Income: | | | | | | | | | | | |
| Summit County..... | 94,952 | 94,540 | 93,235 | 92,560 | 81,907 | 84,672 | 0.4 | 1.4 | 0.7 | 13.0 | (3.3) |
| State of Utah..... | 65,325 | 65,931 | 64,097 | 60,943 | 59,715 | 57,067 | (0.9) | 2.9 | 5.2 | 2.1 | 4.6 |

Construction within Park City, Utah (Summit County Only) (2)

| | Calendar Year | | | | | | % change from prior year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------------|---------|---------|---------|---------|
| | 2018 (3) | 2017 | 2016 | 2015 | 2014 | 2013 | 2017–18 (1) | 2016–17 | 2015–16 | 2014–15 | 2013–14 |
| Number new dwelling units..... | 88.0 | 21.0 | 105.0 | 104.0 | 72.0 | 56.0 | 528.6 | (80.0) | 1.0 | 44.4 | 28.6 |
| New (in \$1,000's): | | | | | | | | | | | |
| Residential value..... | \$ 63,499.2 | \$ 14,174.9 | \$ 48,532.4 | \$ 54,874.4 | \$ 51,786.7 | \$ 33,650.6 | 555.7 | (70.8) | (11.6) | 6.0 | 53.9 |
| Non-residential value..... | 49,587.7 | 34,935.6 | 5,295.8 | 18,352.1 | 19,263.2 | 1,260.1 | 339.5 | 559.7 | (71.1) | (4.7) | 1,428.7 |
| Additions, alterations, repairs (in \$1,000's): | | | | | | | | | | | |
| Residential value..... | 29,869.9 | 16,118.8 | 44,487.3 | 27,659.5 | 34,171.9 | 25,749.9 | 129.2 | (63.8) | 60.8 | (19.1) | 32.7 |
| Non-residential value..... | 7,997.0 | 43,777.7 | 8,086.6 | 31,743.8 | 41,710.2 | 7,640.9 | (53.9) | 441.4 | (74.5) | (23.9) | 445.9 |
| Total construction value (in \$1,000's)..... | <u>\$ 150,953.8</u> | <u>\$ 109,007.0</u> | <u>\$ 106,402.1</u> | <u>\$ 132,629.8</u> | <u>\$ 146,932.0</u> | <u>\$ 68,301.5</u> | 194.0 | 2.4 | (19.8) | (9.7) | 115.1 |

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

| | Calendar Year | | | | | | % change from prior year | | | | |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------------------|---------|---------|---------|---------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2015–16* | 2014–15 | 2013–14 | 2012–13 | 2011–12 |
| Gross Taxable Sales (in \$1,000's): | | | | | | | | | | | |
| Park City..... | \$ 969,124 | \$ 884,380 | \$ 824,238 | \$ 746,910 | \$ 689,908 | \$ 680,070 | 9.6 | 7.3 | 10.4 | 8.3 | 1.4 |
| Summit County..... | 2,002,072 | 1,869,420 | 1,743,687 | 1,570,920 | 1,469,760 | 1,360,925 | 7.1 | 7.2 | 11.0 | 6.9 | 8.0 |
| State of Utah..... | 61,031,692 | 56,502,434 | 53,933,277 | 51,709,163 | 49,404,046 | 47,531,180 | 8.0 | 4.8 | 4.3 | 4.7 | 3.9 |
| | Fiscal Year | | | | | | % change from prior year | | | | |
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2015–16 | 2014–15 | 2013–14 | 2012–13 | 2011–12 |
| Local Sales and Use Tax Distribution: | | | | | | | | | | | |
| Park City..... | \$ 5,557,742 | \$ 5,148,224 | \$ 4,707,996 | \$ 4,344,792 | \$ 4,169,274 | \$ 4,076,014 | 8.0 | 9.4 | 8.4 | 4.2 | 2.3 |
| Summit County (and all cities)..... | 13,425,610 | 12,594,267 | 11,558,616 | 10,773,646 | 10,130,250 | 9,553,155 | 6.6 | 9.0 | 7.3 | 6.4 | 6.0 |

* Preliminary; subject to change.

- (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) Information as of October 2018; annual comparison made to October 2017.
- (4) Utah State Tax Commission.

Largest Employers In The County

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 | 2,000–3,000 |
| Park City Mountain Resort | Other amusement and recreation | 1,000–2,000 |
| Park City | Public administration | 500–1,000 |
| Park City School District | Primary education services | 500–1,000 |
| Park City Surgical Center | Offices of physicians | 500–1,000 |
| Montage Hotels & Resorts..... | Traveler accommodations | 250–500 |
| Resort Express, Inc. | Taxi and limousine service | 250–500 |
| South Summit School District | Primary education services | 250–500 |
| Stein Eriksen Lodge..... | Traveler accommodations | 250–500 |
| Summit County..... | Public administration | 250–500 |
| Backcountry.com Inc..... | Electronic trade and mail order | 100–250 |
| CFI Resorts Management Inc. | Lessors of real estate | 100–250 |
| Dakota Mountain Lodge | Other amusement and recreation | 100–250 |
| Fresh Markets | Retail trade | 100–250 |
| Hotel Park City | Traveler accommodation | 100–250 |
| Jans Ltd. | Sporting goods, hobby | 100–250 |
| Marriott Resorts..... | Traveler accommodation | 100–250 |
| North Summit School District | Primary education services | 100–250 |
| Park City Fire Service District..... | Justice, public order and safety | 100–250 |
| Promontory Development, LLC | Other amusement and recreation | 100–250 |
| Skullcandy Inc. | Audio and equipment manufacturing | 100–250 |
| Squatters Roadhouse Grill | Restaurants | 100–250 |
| Smith’s Food & Drug Centers | Retail trade | 100–250 |
| Snyderville Basin Special Recreation District..... | Public recreation | 100–250 |
| State of Utah | Justice, public order and safety | 100–250 |
| Resort Express, Inc., (debtor in possession) | Taxi and limousine service | 100–250 |
| The Home Depot | Retail trade | 100–250 |
| Triumph Gear Systems Inc. | Aerospace manufacturing | 100–250 |
| Utah Athletic Foundation | Arts, entertainment and recreation | 100–250 |
| Wal Mart..... | Retail trade | 100–250 |

(Source: Utah Department of Workforce Services. Updated September 2018.)

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 2018—Statistical Section—Schedule 20. Demographic and Economic Statistics” (CAFR page 132) and “—Schedule 21. Principal Employers—Current Year and Nine Years Ago” (CAFR page 133).

Rate Of Unemployment—Annual Average

| <u>Year</u> | <u>Summit County</u> | <u>State of Utah</u> | <u>United States</u> |
|---------------|--------------------------|--------------------------|--------------------------|
| 2018 (1)..... | 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 |
| 2014 | 3.4 | 3.8 | 6.2 |
| 2013 | 4.2 | 4.6 | 7.4 |

(1) Preliminary, subject to change. As of December 2018 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF PARK CITY, UTAH

Outstanding Sales Tax Revenue Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following sales tax revenue bonds:

| Series | Purpose | Original Principal Amount | Final Maturity Date | Current Principal Outstanding |
|--------------------|-----------|---------------------------------|------------------------|-------------------------------------|
| 2019 (a) (1) | Various | \$27,700,000* | December 15, 2033* | \$27,700,000* |
| 2017 (1)..... | Various | 31,940,000 | June 15, 2032 | 29,865,000 |
| 2015 (1)..... | Various | 11,600,000 | June 15, 2030 | 9,700,000 |
| 2014B (2) | Various | 5,375,000 | June 15, 2029 | 5,375,000 |
| 2014A (1)..... | Refunding | 6,725,000 | June 15, 2021 | <u>3,075,000</u> |
| Total | | | | <u>\$75,715,000*</u> |

* Preliminary; subject to change.

(a) For purposes of this OFFICIAL STATEMENT, the 2019 Bonds will be considered issued and outstanding.

(1) Rated “AA-” by S&P Global Ratings (“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.)

Outstanding General Obligation Bonded Indebtedness

At approximately the same time as the sale of the 2019 Bonds, the City is selling at a competitive bond sale, approximately \$49,340,000 of General Obligation and Refunding Bonds, Series 2019. For purposes of this OFFICIAL STATEMENT, these general obligations bonds will be considered issued and outstanding.

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following general obligation bonds:

| Series (1) | Purpose | Original Principal Amount | Final Maturity Date | Current Principal Outstanding |
|-----------------|----------------------|---------------------------------|------------------------|-------------------------------------|
| 2019 (a) | Open space/refunding | \$49,340,000* | February 1, 2034 | \$49,340,000* |
| 2017 | Open space | 25,000,000 | February 1, 2032 | 23,435,000 |
| 2014 | Refunding | 3,385,000 | May 1, 2019 | 725,000 |
| 2013A..... | Walkability | 7,170,000 | May 1, 2028 | 5,090,000 |
| 2010B (2) | Open space | 6,000,000 | May 1, 2025 | 3,065,000 |
| 2009 | Open space/refunding | 13,500,000 | May 1, 2024 | 5,400,000 |
| 2008 (3)..... | Open space | 10,000,000 | March 5, 2019 (4) | <u>0</u> |
| Total | | | | <u>\$87,055,000*</u> |

* Preliminary; subject to change.

(a) For purposes of this OFFICIAL STATEMENT the 2019 Bonds will be considered issued and outstanding.

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

(2) Federally taxable, originally 35% issuer subsidy (direct pay), “Build America Bonds”.

(3) These bonds to be called and retired by the 2019 General Obligation Bonds.

(4) Final maturity date after bonds are called and retired by the 2019 General Obligation Bonds.

(Source: Municipal Advisor.)

Outstanding Water Revenue Bonded Indebtedness

As of the date of this OFFICIAL STATEMENT, the City has outstanding the following water revenue bonds:

| <u>Series (1)</u> | <u>Purpose</u> | <u>Original Principal Amount</u> | <u>Final Maturity Date</u> | <u>Current Principal Outstanding</u> |
|-------------------|---------------------|--|--------------------------------|--|
| 2014 | Water | \$ 4,115,000 | June 15, 2026 | \$ 4,115,000 |
| 2013A..... | Refunding | 2,830,000 | December 15, 2025 | 1,735,000 |
| 2012B..... | Water and refunding | 5,525,000 | December 15, 2027 | 5,525,000 |
| 2012 | Water | 4,160,000 | June 15, 2027 | 2,760,000 |
| 2010 | Water | 12,200,000 | December 15, 2024 | 5,815,000 |
| 2009C..... | Water | 10,135,000 | June 15, 2024 | 10,135,000 |
| 2009B..... | Water and refunding | 13,090,000 | June 15, 2019 | 1,810,000 |
| 2009A (2) | Water (taxable) | 2,500,000 | July 15, 2029 | <u>1,375,000</u> |
| Total | | | | <u>\$33,270,000</u> |

(1) Unless otherwise indicated, rated “Aa2” by Moody’s and “AA” by S&P, as of the date of this OFFICIAL STATEMENT.

(2) Not rated; no rating applied for. These bonds were privately placed. These bonds bear no interest and are federally taxable.

(Source: Municipal Advisor.)

Other Financial Considerations

Concurrent Issuance of General Obligation Bonds. The City intends to issue approximately \$49.340 million of general obligation bonds simultaneously with the 2019 Bonds as discussed above.

Future issuance of debt. The City may issue approximately \$90 million of water revenue bonds for a water treatment facility over the next four to five years. The City may issue approximately \$50 million in sales tax revenue bonds in 2021 for an arts and culture project as discussed above.

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 2018—Notes to the Financial Statements—Note P. Conduit Debt” (CAFR page 86). The City has only limited liability for these bond issues.

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

| Fiscal Year Ending June 30 | Series 2019 \$27,700,000* | | Series 2017 \$31,940,000 | | Series 2015 \$11,600,000 | | Series 2014B \$5,375,000 | | Series 2014A \$6,725,000 | | Totals | | |
|----------------------------------|------------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|-------------------|----------------------|----------------------|-----------------------|
| | Principal* | Interest (a) | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Total | Total | Total |
| | | | | | | | | | | | Principal | Interest | Debt Service |
| 2018..... | \$ 0 | \$ 0 | \$ 2,075,000 | \$ 694,743 | \$ 655,000 | \$ 346,525 | \$ 0 | \$ 164,912 | \$ 950,000 | \$ 139,700 | \$ 3,680,000 | \$ 1,345,880 | \$ 5,025,880 |
| 2019..... | 0 | 318,863 | 1,590,000 | 1,178,853 | 665,000 | 333,425 | 0 | 164,912 | 985,000 | 101,700 | 3,240,000 | 2,097,752 | 5,337,752 |
| 2020..... | 1,300,000 | 1,127,000 | 1,670,000 | 1,099,353 | 680,000 | 320,125 | 0 | 164,912 | 1,025,000 | 62,300 | 4,675,000 | 2,773,690 | 7,448,690 |
| 2021..... | 1,375,000 | 1,060,125 | 1,755,000 | 1,015,853 | 710,000 | 292,925 | 0 | 164,912 | 1,065,000 | 21,300 | 4,905,000 | 2,555,115 | 7,460,115 |
| 2022..... | 1,425,000 | 990,125 | 1,780,000 | 989,528 | 735,000 | 264,525 | 605,000 | 164,912 | - | - | 4,545,000 | 2,409,090 | 6,954,090 |
| 2023..... | 1,500,000 | 917,000 | 1,870,000 | 900,528 | 765,000 | 235,125 | 625,000 | 146,763 | - | - | 4,760,000 | 2,199,416 | 6,959,416 |
| 2024..... | 1,575,000 | 840,125 | 1,965,000 | 807,028 | 795,000 | 204,525 | 640,000 | 128,013 | - | - | 4,975,000 | 1,979,691 | 6,954,691 |
| 2025..... | 1,675,000 | 758,875 | 2,060,000 | 708,778 | 820,000 | 180,675 | 660,000 | 108,813 | - | - | 5,215,000 | 1,757,141 | 6,972,141 |
| 2026..... | 1,750,000 | 673,250 | 2,165,000 | 605,778 | 845,000 | 156,075 | 680,000 | 89,013 | - | - | 5,440,000 | 1,524,116 | 6,964,116 |
| 2027..... | 1,850,000 | 583,250 | 2,275,000 | 497,528 | 880,000 | 122,275 | 700,000 | 68,613 | - | - | 5,705,000 | 1,271,666 | 6,976,666 |
| 2028..... | 1,950,000 | 488,250 | 2,385,000 | 383,778 | 905,000 | 95,875 | 720,000 | 47,613 | - | - | 5,960,000 | 1,015,516 | 6,975,516 |
| 2029..... | 2,025,000 | 388,875 | 2,480,000 | 288,378 | 930,000 | 68,725 | 745,000 | 24,213 | - | - | 6,180,000 | 770,191 | 6,950,191 |
| 2030..... | 2,125,000 | 306,375 | 2,555,000 | 213,978 | 970,000 | 31,525 | - | - | - | - | 5,650,000 | 551,878 | 6,201,878 |
| 2031..... | 2,175,000 | 241,875 | 2,620,000 | 147,548 | - | - | - | - | - | - | 4,795,000 | 389,423 | 5,184,423 |
| 2032..... | 2,250,000 | 175,500 | 2,695,000 | 76,808 | - | - | - | - | - | - | 4,945,000 | 252,308 | 5,197,308 |
| 2033..... | 2,325,000 | 106,875 | - | - | - | - | - | - | - | - | 2,325,000 | 106,875 | 2,431,875 |
| 2034..... | 2,400,000 | 36,000 | - | - | - | - | - | - | - | - | 2,400,000 | 36,000 | 2,436,000 |
| Totals..... | <u>\$ 27,700,000</u> | <u>\$ 9,012,363</u> | <u>\$ 31,940,000</u> | <u>\$ 9,608,453</u> | <u>\$ 10,355,000</u> | <u>\$ 2,652,325</u> | <u>\$ 5,375,000</u> | <u>\$ 1,437,601</u> | <u>\$ 4,025,000</u> | <u>\$ 325,000</u> | <u>\$ 79,395,000</u> | <u>\$ 23,035,742</u> | <u>\$ 102,430,742</u> |

* Preliminary; subject to change.

(a) Preliminary subject to change: Interest is estimated at an average interest rate of 3.79% per annum.

(Source: Municipal Advisor.)

Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year

| Fiscal Year Ending June 30 | Series 2019 \$49,340,000* | | Series 2017 \$25,000,000 | | Series 2014 \$3,385,000 | | Series 2013B (1) \$1,930,000 | | Series 2013A \$7,170,000 | |
|----------------------------------|------------------------------|----------------------|-----------------------------|---------------------|----------------------------|------------------|---------------------------------|-----------------|-----------------------------|---------------------|
| | Principal (a) | Interest* | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018..... | \$ 0 | \$ 0 | \$ 1,565,000 | \$ 658,326 | \$ 695,000 | \$ 42,300 | \$ 400,000 | \$ 8,000 | \$ 430,000 | \$ 146,813 |
| 2019..... | 0 | 0 | 1,280,000 | 961,550 | 725,000 | 14,500 | - | - | 440,000 | 138,213 |
| 2020..... | 2,930,000 | 1,903,206 | 1,335,000 | 910,350 | - | - | - | - | 455,000 | 129,413 |
| 2021..... | 2,880,000 | 1,955,200 | 1,385,000 | 843,600 | - | - | - | - | 465,000 | 120,313 |
| 2022..... | 3,030,000 | 1,811,200 | 1,440,000 | 774,350 | - | - | - | - | 480,000 | 109,850 |
| 2023..... | 3,185,000 | 1,659,700 | 1,500,000 | 702,350 | - | - | - | - | 500,000 | 97,850 |
| 2024..... | 3,345,000 | 1,500,450 | 1,560,000 | 627,350 | - | - | - | - | 515,000 | 84,100 |
| 2025..... | 3,510,000 | 1,333,200 | 1,625,000 | 549,350 | - | - | - | - | 530,000 | 69,938 |
| 2026..... | 2,830,000 | 1,157,700 | 1,685,000 | 468,100 | - | - | - | - | 550,000 | 54,038 |
| 2027..... | 2,970,000 | 1,016,200 | 1,755,000 | 383,850 | - | - | - | - | 565,000 | 37,538 |
| 2028..... | 3,120,000 | 867,700 | 1,825,000 | 296,100 | - | - | - | - | 590,000 | 19,175 |
| 2029..... | 3,275,000 | 711,700 | 1,900,000 | 241,350 | - | - | - | - | - | - |
| 2030..... | 3,440,000 | 547,950 | 1,975,000 | 184,350 | - | - | - | - | - | - |
| 2031..... | 3,545,000 | 444,750 | 2,055,000 | 125,100 | - | - | - | - | - | - |
| 2032..... | 3,650,000 | 338,400 | 2,115,000 | 63,450 | - | - | - | - | - | - |
| 2033..... | 3,760,000 | 228,900 | - | - | - | - | - | - | - | - |
| 2034..... | 3,870,000 | 116,100 | - | - | - | - | - | - | - | - |
| Totals..... | <u>\$ 49,340,000</u> | <u>\$ 15,592,356</u> | <u>\$ 25,000,000</u> | <u>\$ 7,789,526</u> | <u>\$ 1,420,000</u> | <u>\$ 56,800</u> | <u>\$ 400,000</u> | <u>\$ 8,000</u> | <u>\$ 5,520,000</u> | <u>\$ 1,007,238</u> |

| Fiscal Year Ending June 30 | Series 2010B \$6,000,000 | | Series 2009 \$13,500,000 | | Series 2008 \$10,000,000 | | Totals | | |
|----------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|----------------------|-----------------------|--------------------------|
| | Principal | Interest (2) | Principal | Interest | Principal | Interest | Total Principal | Total Interest (1) | Total Debt Service |
| 2018..... | \$ 390,000 | \$ 164,735 | \$ 795,000 | \$ 226,810 | \$ 670,000 | \$ 224,200 | \$ 4,945,000 | \$ 1,471,184 | \$ 6,416,184 |
| 2019..... | 400,000 | 149,135 | 820,000 | 200,575 | 0 | 0 (3) | 3,665,000 | 1,463,973 | 5,128,973 |
| 2020..... | 410,000 | 131,335 | 850,000 | 173,515 | 0 | 0 (3) | 5,980,000 | 3,247,819 | 9,227,819 |
| 2021..... | 425,000 | 112,475 | 880,000 | 143,340 | 0 | 0 (3) | 6,035,000 | 3,174,928 | 9,209,928 |
| 2022..... | 435,000 | 92,288 | 915,000 | 111,220 | 0 | 0 (3) | 6,300,000 | 2,898,908 | 9,198,908 |
| 2023..... | 450,000 | 71,190 | 950,000 | 76,450 | 0 | 0 (3) | 6,585,000 | 2,607,540 | 9,192,540 |
| 2024..... | 465,000 | 48,915 | 985,000 | 39,400 | 0 | 0 (3) | 6,870,000 | 2,300,215 | 9,170,215 |
| 2025..... | 480,000 | 25,200 | - | - | - | - | 6,145,000 | 1,977,688 | 8,122,688 |
| 2026..... | - | - | - | - | - | - | 5,065,000 | 1,679,838 | 6,744,838 |
| 2027..... | - | - | - | - | - | - | 5,290,000 | 1,437,588 | 6,727,588 |
| 2028..... | - | - | - | - | - | - | 5,535,000 | 1,182,975 | 6,717,975 |
| 2029..... | - | - | - | - | - | - | 5,175,000 | 953,050 | 6,128,050 |
| 2030..... | - | - | - | - | - | - | 5,415,000 | 732,300 | 6,147,300 |
| 2031..... | - | - | - | - | - | - | 5,600,000 | 569,850 | 6,169,850 |
| 2032..... | - | - | - | - | - | - | 5,765,000 | 401,850 | 6,166,850 |
| 2033..... | - | - | - | - | - | - | 3,760,000 | 228,900 | 3,988,900 |
| 2034..... | - | - | - | - | - | - | 3,870,000 | 116,100 | 3,986,100 |
| Totals..... | <u>\$ 3,455,000</u> | <u>\$ 795,273</u> | <u>\$ 6,195,000</u> | <u>\$ 971,310</u> | <u>\$ 670,000</u> | <u>\$ 224,200</u> | <u>\$ 92,000,000</u> | <u>\$ 26,444,703</u> | <u>\$ 118,444,703</u> |

* Preliminary; subject to change.

(a) Preliminary subject to change: Interest is estimated at an average interest rate of 3.79% per annum.

(1) Included in this table because the final maturity occurred in Fiscal Year 2018.

(2) Does not reflect a 35% federal interest rate subsidy on the 2010B GO Bonds which were issued as Build America Bonds.

(3) Principal and interest will be refunded by the 2019 GO Bonds.

(Source: Municipal Advisor.)

Debt Service Schedule of Outstanding Water Revenue Bonds By Fiscal Year

| Fiscal Year Ending June 30 | Series 2014 \$4,115,000 | | Series 2013A \$2,830,000 | | Series 2012B \$5,525,000 | | Series 2012 \$4,160,000 | | Series 2010 \$12,200,000 | |
|----------------------------------|----------------------------|---------------------|-----------------------------|-------------------|-----------------------------|---------------------|----------------------------|-------------------|-----------------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018..... | \$ 0 | \$ 133,737 | \$ 225,000 | \$ 41,550 | \$ 0 | \$ 124,313 | \$ 255,000 | \$ 93,850 | \$ 790,000 | \$ 302,300 |
| 2019..... | 0 | 133,737 | 230,000 | 37,000 | 0 | 124,312 | 265,000 | 86,200 | 825,000 | 261,925 |
| 2020..... | 0 | 133,737 | 235,000 | 32,350 | 0 | 124,313 | 280,000 | 78,250 | 870,000 | 219,550 |
| 2021..... | 0 | 133,738 | 240,000 | 27,600 | 0 | 124,312 | 290,000 | 69,850 | 910,000 | 179,600 |
| 2022..... | 0 | 133,738 | 245,000 | 22,750 | 0 | 124,313 | 300,000 | 61,150 | 950,000 | 142,400 |
| 2023..... | 0 | 133,738 | 245,000 | 17,850 | 0 | 124,312 | 310,000 | 52,150 | 1,000,000 | 103,400 |
| 2024..... | 0 | 133,738 | 250,000 | 12,900 | 0 | 124,313 | 315,000 | 42,850 | 1,015,000 | 63,100 |
| 2025..... | 2,350,000 | 133,738 | 255,000 | 7,850 | 0 | 124,312 | 325,000 | 33,400 | 1,070,000 | 21,400 |
| 2026..... | 1,765,000 | 57,363 | 265,000 | 2,650 | 0 | 124,313 | 335,000 | 23,650 | - | - |
| 2027..... | - | - | - | - | 2,525,000 | 95,906 | 340,000 | 13,600 | - | - |
| 2028..... | - | - | - | - | 3,000,000 | 33,750 | - | - | - | - |
| 2029..... | - | - | - | - | - | - | - | - | - | - |
| 2030..... | - | - | - | - | - | - | - | - | - | - |
| Totals..... | <u>\$ 4,115,000</u> | <u>\$ 1,127,264</u> | <u>\$ 2,190,000</u> | <u>\$ 202,500</u> | <u>\$ 5,525,000</u> | <u>\$ 1,248,469</u> | <u>\$ 3,015,000</u> | <u>\$ 554,950</u> | <u>\$ 7,430,000</u> | <u>\$ 1,293,675</u> |

| Fiscal Year Ending June 30 | Series 2009C \$10,135,000 | | Series 2009B \$13,090,000 | | Series 2009A (1) \$2,500,000 | | Totals | | |
|----------------------------------|------------------------------|---------------------|------------------------------|-------------------|---------------------------------|-------------|----------------------|-----------------------|--------------------------|
| | Principal | Interest (1) | Principal | Interest | Principal | Interest | Total Principal | Total Interest (2) | Total Debt Service |
| 2018..... | \$ 0 | \$ 508,638 | \$ 1,720,000 | \$ 176,500 | \$ 125,000 | \$ 0 | \$ 3,115,000 | \$ 1,380,888 | \$ 4,495,888 |
| 2019..... | 0 | 508,638 | 1,810,000 | 90,500 | 125,000 | 0 | 3,255,000 | 1,242,312 | 4,497,312 |
| 2020..... | 1,900,000 | 508,638 | - | - | 125,000 | 0 | 3,410,000 | 1,096,838 | 4,506,838 |
| 2021..... | 1,960,000 | 419,337 | - | - | 125,000 | 0 | 3,525,000 | 954,437 | 4,479,437 |
| 2022..... | 2,025,000 | 323,297 | - | - | 125,000 | 0 | 3,645,000 | 807,648 | 4,452,648 |
| 2023..... | 2,090,000 | 221,035 | - | - | 125,000 | 0 | 3,770,000 | 652,485 | 4,422,485 |
| 2024..... | 2,160,000 | 113,400 | - | - | 125,000 | 0 | 3,865,000 | 490,301 | 4,355,301 |
| 2025..... | - | - | - | - | 125,000 | 0 | 4,125,000 | 320,700 | 4,445,700 |
| 2026..... | - | - | - | - | 125,000 | 0 | 2,490,000 | 207,976 | 2,697,976 |
| 2027..... | - | - | - | - | 125,000 | 0 | 2,990,000 | 109,506 | 3,099,506 |
| 2028..... | - | - | - | - | 125,000 | 0 | 3,125,000 | 33,750 | 3,158,750 |
| 2029..... | - | - | - | - | 125,000 | 0 | 125,000 | 0 | 125,000 |
| 2030..... | - | - | - | - | 125,000 | 0 | 125,000 | 0 | 125,000 |
| Totals..... | <u>\$ 10,135,000</u> | <u>\$ 2,602,983</u> | <u>\$ 3,530,000</u> | <u>\$ 267,000</u> | <u>\$ 1,625,000</u> | <u>\$ 0</u> | <u>\$ 37,565,000</u> | <u>\$ 7,296,841</u> | <u>\$ 44,861,841</u> |

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

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

(Source: Municipal Advisor.)

Overlapping And Underlying General Obligation Debt

| <u>Taxing Entity</u> | <u>2018 Taxable Value (1)</u> | <u>City's Portion of Tax- able Value</u> | <u>City's Per- centage</u> | <u>Entity's General Obligation Debt</u> | <u>City's Portion of G.O. Debt</u> |
|---|---------------------------------------|--|------------------------------------|---|--|
| <i>Overlapping:</i> | | | | | |
| State of Utah | \$285,970,117,064 | \$9,377,969,360 | 3.3% | \$2,145,560,000 | \$ 70,803,480 |
| WBWCD (2) | 62,157,110,376 | 9,053,630,864 | 14.6 | 12,725,000 | <u>1,857,850</u> |
| Total overlapping | | | | | <u>72,661,330</u> |
| <i>Underlying:</i> | | | | | |
| CUWCD (3) | 168,739,037,460 | 324,338,496 | 0.2 | 206,900,000 | 413,800 |
| Snyderville Basin Rec. Bond (4) | 9,814,404,317 | 873,481,984 | 8.9 | 49,880,000 | 4,439,320 |
| Wasatch County | 5,923,727,663 | 324,338,496 | 5.5 | 650,000 | 35,750 |
| Wasatch School District | 5,923,727,663 | 324,338,496 | 5.5 | 93,880,000 | <u>5,163,400</u> |
| Total underlying | | | | | <u>10,052,270</u> |
| Total overlapping and underlying general obligation debt | | | | | <u>\$82,713,600</u> |
| Total <i>overlapping</i> general obligation debt (excluding the State) (5) | | | | | \$ 1,857,850 |
| Total <i>direct</i> general obligation bonded indebtedness | | | | | <u>87,055,000*</u> |
| Total <i>direct and overlapping</i> general obligation debt (excluding the State) | | | | | <u>\$88,912,850*</u> |

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

* Preliminary; subject to change.

- (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) The Weber Basin Water Conservancy District (“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) 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 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.

(Source: Municipal Advisor.)

For the City’s presentation of Fiscal Year 2018 direct and overlapping debt, see “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Information—Schedule 16. Direct and Overlapping Governmental Activities Debt as of June 30, 2018” (CAFR page 128).

Debt Ratios Of 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 ob-*

ligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.

| | To 2018 Est. Taxable Value (1) | To 2018 Est. Market Value (2) | To 2017 Population Estimate Per Capita (3) |
|--|--------------------------------------|-------------------------------------|---|
| Direct general obligation debt* | 0.93% | 0.82% | \$10,391 |
| Direct and overlapping general obligation debt*..... | 0.95 | 0.84 | 10,613 |

* Preliminary; subject to change.

(1) Based on an estimated 2018 Taxable Value of \$9,377,969,360, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on an estimated 2018 Market Value of \$10,592,069,360, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on 2017 estimate of 8,378 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

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 2018—Statistical Section—Schedule 15. Ratios of General Bonded Debt Outstanding” (CAFR page 127).

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

| | | | |
|--|------------------------------------|----------------------|-------------------------|
| 2018 “Fair Market Value” | | | \$10,592,069,360 |
| 2017 Valuation from Uniform Fees (1)..... | | | <u>14,814,496</u> |
| 2018 “Fair Market Value for Debt Incurring Capacity”..... | | | <u>\$10,606,883,856</u> |
| | 8% Sewer, Water and Electric | 4% Other Purposes | 12% Total |
| “Fair Market Value” x 8% | \$848,550,709 | \$ 0 | \$ 848,550,709 |
| “Fair Market Value” x 4% | <u>0</u> | <u>424,275,354</u> | <u>424,275,354</u> |
| Total debt incurring capacity | 848,550,709 | 424,275,354 | 1,272,826,063 |
| Less: current outstanding general obligation debt | <u>(0)</u> | <u>(89,938,366)</u> | <u>(89,938,366)</u> |
| Additional debt incurring capacity..... | <u>\$848,550,709</u> | <u>\$334,336,988</u> | <u>\$1,182,887,697</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 \$2,883,366 (as of June 30, 2018) and together with current outstanding debt of \$87,055,000*, results in total outstanding debt of \$89,938,366*.

* Preliminary; subject to change.

(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

Federal Funding Cuts

Federal Sequestration. Pursuant to the Budget Control Act of 2011 (the “BCA”), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as “sequestration”) were ordered in federal fiscal years ending September 30, 2013 through 2021 and were subsequently extended through September 30, 2027. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds (“BABs”) and various other federal expenditures.

The City is impacted by federal sequestration in Fiscal Year 2019 with reductions in subsidy payments of \$9,246 for its General Obligation Bonds, Series 2010B and reductions in subsidy payments of \$11,037 for its Water Revenue Bonds, Series 2009C (collectively, the “BAB Bonds”). The City anticipates that any future reductions of subsidy payments with respect to the outstanding BAB Bonds and reductions in other federal grants because of sequestration; would have no material impact on its operations or financial position. The City cannot predict whether Congress will act to avoid or extend sequestration in the future.

No Defaulted Obligations

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

FINANCIAL INFORMATION REGARDING PARK CITY, UTAH

Fund Structure; Accounting Basis

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

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

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

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

Budget 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 22 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 2018—Notes to the Financial Statements—Note A. Summary of Significant Accounting Policies” (CAFR page 42).

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 2018 (total general fund revenues was \$34,564,546).

Taxes and special assessments—Approximately 78% (or \$27,071,434) of general fund revenues are from taxes and special assessments.

Licenses and permits—Approximately 10% (or \$3,390,668) of general fund revenues are collected from licenses and permits.

Charges for services—Approximately 6% (or \$2,225,204) of general fund revenues are from charges for services.

Rentals and other—Approximately 4% (or \$1,435,524) of general fund revenues are collected from other miscellaneous items.

Investment income—Approximately 1% (or \$256,814) of general fund revenues are collected from investment income.

Intergovernmental revenue—Less than 1% (or \$149,575) of general fund revenues are from State and federal shared grant revenues or grants.

Fines and forfeitures— Less than 1% (or \$35,327) of general fund revenues are from fines and forfeitures.

(Source: Compiled by the Municipal Advisor from information taken from the Fiscal Year 2018 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 2019 must be completed under State law by December 31, 2019.

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Park City

Statement of Net Position

(This summary has not been audited)

| | As of June 30 | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Assets and deferred outflows of resources | | | | | |
| Assets | | | | | |
| Capital assets (net of accumulated depreciation) | | | | | |
| Improvements other than buildings..... | \$ 82,480,502 | \$ 82,644,790 | \$ 70,302,422 | \$ 67,613,413 | \$ 67,054,006 |
| Buildings..... | 46,155,763 | 43,753,494 | 42,117,192 | 43,670,618 | 39,400,441 |
| Vehicles and equipment..... | 23,770,469 | 23,705,654 | 15,058,504 | 16,123,836 | 15,585,814 |
| Infrastructure..... | 23,161,347 | 25,800,212 | 29,114,178 | 25,053,552 | 26,782,596 |
| Intangibles..... | 8,271,741 | 5,608,810 | 5,652,891 | 5,691,867 | 5,506,939 |
| Capital assets not being depreciated | | | | | |
| Land and water rights..... | 200,070,570 | 170,855,021 | 129,838,076 | 130,034,390 | 121,920,236 |
| Construction in progress..... | 28,003,663 | 12,052,772 | 10,931,485 | 13,018,693 | 8,791,078 |
| Art..... | 839,333 | 827,833 | 827,833 | 710,570 | 710,570 |
| Cash, cash equivalents and investments..... | 66,635,201 | 64,906,033 | 77,276,957 | 74,908,660 | 73,540,217 |
| Receivables (net allowance for uncollectible) | | | | | |
| Taxes..... | 24,009,992 | 23,385,693 | 20,740,471 | 20,631,203 | 20,432,310 |
| Accounts..... | 9,079,648 | 11,928,740 | 2,553,439 | 2,166,238 | 2,785,397 |
| Notes..... | 1,273,106 | 1,799,575 | 314,353 | 320,284 | 1,578,341 |
| Restricted cash, cash equivalents, fiscal agent..... | 11,398,912 | 6,380,142 | 6,690,285 | 10,554,094 | 5,104,820 |
| Restricted cash, cash equivalents, other..... | 6,604,245 | 6,318,540 | 6,312,535 | 7,418,529 | 6,866,835 |
| Prepaid items..... | 1,263,500 | 2,239,181 | 528,089 | 515,520 | 510,634 |
| Inventories..... | 794,366 | 825,319 | 772,836 | 927,978 | 1,036,104 |
| Buildings held for resale..... | 166,096 | - | - | - | - |
| Net pension asset..... | 3,365 | 3,713 | 7,661 | 22,838 | - |
| Total assets..... | <u>533,981,819</u> | <u>483,035,522</u> | <u>419,039,207</u> | <u>419,382,283</u> | <u>397,606,338</u> |
| Deferred outflows of resources | | | | | |
| Deferred outflows of resources related to pensions..... | 7,335,717 | 6,578,882 | 5,277,742 | 1,597,998 | - |
| Deferred outflows of resources—deferred charge on refunding..... | - | - | 7,477 | 15,227 | 22,977 |
| Total deferred outflows of resources..... | <u>7,335,717</u> | <u>6,578,882</u> | <u>5,285,219</u> | <u>1,613,225</u> | <u>22,977</u> |
| Total assets and deferred outflows of resources..... | <u>\$ 541,317,536</u> | <u>\$ 489,614,404</u> | <u>\$ 424,324,426</u> | <u>\$ 420,995,508</u> | <u>\$ 397,629,315</u> |
| Liabilities, deferred inflows of resources and net position | | | | | |
| Liabilities | | | | | |
| Long-term debt due in more than one year | | | | | |
| Revenue bonds..... | \$ 80,928,230 | \$ 54,793,151 | \$ 59,904,698 | \$ 64,829,343 | \$ 51,983,601 |
| General obligation bonds..... | 40,913,366 | 45,540,922 | 22,709,111 | 26,083,159 | 29,363,370 |
| Total pension liability..... | 7,780,234 | 11,020,794 | 10,109,665 | 6,596,256 | - |
| Compensated absences..... | 699,776 | 670,641 | 681,413 | 616,886 | 491,221 |
| Contract payable..... | - | - | - | - | 93,024 |
| Long-term debt due within one year | | | | | |
| Revenue bonds..... | 6,495,000 | 4,720,000 | 4,530,000 | 4,690,000 | 4,040,000 |
| General obligation bonds..... | 4,360,000 | 4,945,000 | 3,300,000 | 3,215,000 | 3,655,000 |
| Compensated absences..... | 525,320 | 534,198 | 431,558 | 391,979 | 391,796 |
| Contract payable..... | - | - | - | 93,024 | 2,586,533 |
| Accounts payable..... | 5,395,183 | 10,204,455 | 4,243,398 | 4,813,660 | 4,806,266 |
| Accrued liabilities..... | 3,174,630 | 2,674,359 | 2,868,301 | 2,707,660 | 2,836,990 |
| Total liabilities..... | <u>150,271,739</u> | <u>135,103,520</u> | <u>108,778,144</u> | <u>114,036,967</u> | <u>100,247,801</u> |
| Deferred inflows of resources | | | | | |
| Property taxes..... | 20,046,312 | 19,785,339 | 17,605,701 | 17,553,354 | 17,437,568 |
| Deferred inflows of resources related to pensions..... | 6,025,822 | 1,803,202 | 1,142,122 | 1,049,810 | - |
| Deferred gain on refunding..... | 217,783 | 321,672 | 425,561 | 529,450 | - |
| Deferred inflows of resources—unavailable revenue..... | 166,096 | - | - | - | - |
| Total deferred outflows of resources..... | <u>26,456,013</u> | <u>21,910,213</u> | <u>19,173,384</u> | <u>19,132,614</u> | <u>17,437,568</u> |
| Net position | | | | | |
| Net investment in capital assets, net of related debt..... | 294,285,169 | 266,635,094 | 226,244,026 | 220,380,226 | 208,942,336 |
| Unrestricted..... | 52,106,301 | 53,207,221 | 57,077,412 | 49,425,877 | 58,983,553 |
| Restricted—expendable | | | | | |
| Capital projects..... | 12,804,288 | 7,545,300 | 7,872,086 | 12,779,745 | 6,882,935 |
| Debt service..... | 5,198,869 | 5,153,382 | 5,130,734 | 5,192,878 | 5,088,720 |
| Other..... | 195,157 | 59,674 | 48,640 | 47,201 | 46,402 |
| Total net position..... | <u>364,589,784</u> | <u>332,600,671</u> | <u>296,372,898</u> | <u>287,825,927</u> | <u>279,943,946</u> |
| Total liabilities, deferred outflows of resources and net position..... | <u>\$ 541,317,536</u> | <u>\$ 489,614,404</u> | <u>\$ 424,324,426</u> | <u>\$ 420,995,508</u> | <u>\$ 397,629,315</u> |

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

Park City

Statement of Activities

Primary Government

(This summary has not been audited)

| | Net (Expense) Revenues and Changes in Net Position | | | | |
|--|--|----------------------|----------------------|----------------------|----------------------|
| | Fiscal Year Ended June 30 | | | | |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General administration..... | \$ (8,453,620) (1) | \$ (16,081,356) | \$ (15,890,669) | \$ (12,380,646) | \$ (12,523,014) |
| Public safety..... | (6,602,184) | (6,120,140) | (5,568,527) | (5,158,422) | (4,877,941) |
| Public works..... | (6,599,786) | (6,579,137) | (6,614,280) | (6,399,208) | (6,538,360) |
| Library and recreation..... | (4,347,803) | (4,543,268) | (4,364,424) | (3,395,932) | (3,066,184) |
| Interest on long-term debt..... | (2,537,159) | (1,366,939) | (1,456,433) | (1,285,952) | (1,552,101) |
| Total governmental activities..... | <u>(28,540,552)</u> | <u>(34,690,840)</u> | <u>(33,894,333)</u> | <u>(28,620,160)</u> | <u>(28,557,600)</u> |
| Business-type activities | | | | | |
| Water..... | 5,865,516 | 5,241,895 | 3,454,755 | 6,055,829 | 3,203,709 |
| Stormwater..... | 356,629 | (182,783) | - | - | - |
| Golf course..... | (508,266) | (392,242) | (401,762) | (406,448) | (374,250) |
| Transportation and parking..... | (6,155,003) | 7,714,682 (2) | (6,530,317) | (4,508,497) | (3,203,286) |
| Total business-type activities..... | <u>(441,124)</u> | <u>12,381,552</u> | <u>(3,477,324)</u> | <u>1,140,884</u> | <u>(373,827)</u> |
| Total primary government..... | <u>(28,981,676)</u> | <u>(22,309,288)</u> | <u>(37,371,657)</u> | <u>(27,479,276)</u> | <u>(28,931,427)</u> |
| General revenues | | | | | |
| Taxes | | | | | |
| Property tax, levied for general purposes..... | 14,686,693 | 14,350,265 | 14,755,299 | 12,809,892 | 12,772,297 |
| Resort tax..... | 14,491,767 | 12,253,267 | 11,154,870 | 10,066,040 | 9,151,788 |
| General sales and use tax..... | 11,533,196 | 10,853,881 | 10,057,192 | 9,130,783 | 8,366,667 |
| Property tax, levied for debt service..... | 6,432,184 | 4,220,158 | 3,723,453 | 5,321,592 | 5,082,714 |
| Franchise tax..... | 3,147,847 | 3,194,392 | 3,185,820 | 3,061,207 | 3,158,716 |
| Miscellaneous..... | 2,251,525 | 5,313,379 | 1,787,387 | 1,311,103 | 2,091,895 |
| Investment earnings..... | 1,495,483 | 985,132 | 761,877 | 629,444 | 706,625 |
| Gain on sale of capital assets..... | - | - | 492,730 | - | - |
| Total general revenues..... | <u>54,038,695</u> | <u>51,170,474</u> | <u>45,918,628</u> | <u>42,330,061</u> | <u>41,330,702</u> |
| Change in net position..... | 25,057,019 | 28,861,186 | 8,546,971 | 14,850,785 | 12,399,275 |
| Net position—beginning..... | 332,600,671 | 296,372,898 | 287,825,927 | 279,943,946 | 267,544,671 |
| Adjustment..... | 6,932,094 | 7,366,587 | - | (6,968,804) | - |
| Net position—ending..... | <u>\$364,589,784</u> | <u>\$332,600,671</u> | <u>\$296,372,898</u> | <u>\$287,825,927</u> | <u>\$279,943,946</u> |

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

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

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

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

Park City

Balance Sheet—Governmental Funds

General Fund

(This summary has not been audited)

Fiscal Year Ended June 30

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | | |
| Receivables (net of allowance for uncollectible) | | | | | |
| Taxes..... | \$ 11,744,936 | \$ 11,092,382 | \$ 11,178,598 | \$ 11,052,516 | \$ 10,125,917 |
| Accounts..... | 175,599 | 105,597 | 112,234 | 22,341 | 95,817 |
| Notes..... | - | 10,000 | 10,000 | 10,000 | - |
| Cash, cash equivalents and investments..... | 8,061,742 | 7,377,755 | 6,697,948 | 6,791,627 | 6,515,535 |
| Interfund loan..... | 86,867 | 117,433 | - | - | - |
| Other assets..... | 50,719 | 39,212 | 42,463 | 39,941 | 84,489 |
| Total assets..... | \$ 20,119,863 | \$ 18,742,379 | \$ 18,041,243 | \$ 17,916,425 | \$ 16,821,758 |
| Liabilities | | | | | |
| Accounts payable..... | \$ 1,164,803 | \$ 573,508 | \$ 767,260 | \$ 728,737 | \$ 639,935 |
| Accrued liabilities..... | 1,058,852 | 826,518 | 798,928 | 715,977 | 777,800 |
| Total liabilities..... | 2,223,655 | 1,400,026 | 1,566,188 | 1,444,714 | 1,417,735 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue—property tax..... | 9,883,951 | 9,657,969 | 9,636,741 | 9,578,317 | 8,686,905 |
| Unavailable revenue—notes..... | 86,867 | 127,433 | 10,000 | 10,000 | - |
| Total deferred outflows of resources..... | 9,970,818 | 9,785,402 | 9,646,741 | 9,588,317 | 8,686,905 |
| Fund balance | | | | | |
| Unassigned..... | 7,730,233 | 7,497,277 | 6,779,674 | 6,836,193 | 6,670,716 |
| Nonspendable | | | | | |
| Interfund loan..... | 86,867 | - | - | - | - |
| Inventory..... | 50,719 | - | - | - | - |
| Restricted for | | | | | |
| Drug and tobacco enforcement..... | 57,571 | 59,674 | 48,640 | 47,201 | 46,402 |
| Total fund balance..... | 7,925,390 | 7,556,951 | 6,828,314 | 6,883,394 | 6,717,118 |
| Total liabilities and fund balance..... | \$ 20,119,863 | \$ 18,742,379 | \$ 18,041,243 | \$ 17,916,425 | \$ 16,821,758 |

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

Park City

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund—General Fund

(This summary has not been audited)

Fiscal Year Ended June 30

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | |
| Taxes and special assessments..... | \$27,071,434 | \$23,791,447 | \$21,731,649 | \$19,738,574 | \$19,752,153 |
| Licenses and permits..... | 3,390,668 | 2,464,561 | 2,462,374 | 3,025,886 | 2,611,576 |
| Charges for services..... | 2,225,204 | 2,115,794 | 2,119,339 | 2,071,230 | 2,194,197 |
| Rental and other miscellaneous..... | 1,435,524 | 1,055,613 | 969,528 | 910,904 | 838,591 |
| Intergovernmental..... | 149,575 | 170,243 | 133,437 | 111,775 | 162,353 |
| Investment income..... | 256,814 | 150,770 | 102,251 | 67,526 | 114,493 |
| Fines and forfeitures..... | 35,327 | 42,834 | 26,902 | 14,206 | 21,648 |
| Total revenues..... | <u>34,564,546</u> | <u>29,791,262</u> | <u>27,545,480</u> | <u>25,940,101</u> | <u>25,695,011</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government..... | 16,235,727 | 15,005,872 | 14,604,316 | 13,653,938 | 12,086,576 |
| Public safety..... | 6,392,525 | 5,970,451 | 5,349,433 | 4,953,544 | 4,684,672 |
| Public works..... | 5,648,653 | 5,194,880 | 4,878,647 | 4,718,959 | 4,643,828 |
| Library and recreation..... | 4,237,835 | 4,080,211 | 3,824,435 | 3,495,302 | 3,361,464 |
| Total expenditures..... | <u>32,514,740</u> | <u>30,251,414</u> | <u>28,656,831</u> | <u>26,821,743</u> | <u>24,776,540</u> |
| Excess of revenues over (under) expenditures... | <u>2,049,806</u> | <u>(460,152)</u> | <u>(1,111,351)</u> | <u>(881,642)</u> | <u>918,471</u> |
| Other financing sources (uses) | | | | | |
| Operating transfers in..... | 2,577,182 | 2,397,547 | 2,256,360 | 2,166,534 | 1,346,991 |
| Operating transfers out..... | (4,258,549) | (1,208,758) | (1,200,089) | (1,118,616) | (1,111,247) |
| Total other financing sources (uses)..... | <u>(1,681,367)</u> | <u>1,188,789</u> | <u>1,056,271</u> | <u>1,047,918</u> | <u>235,744</u> |
| Net change in fund balances..... | 368,439 | 728,637 | (55,080) | 166,276 | 1,154,215 |
| Fund balance at beginning of year..... | <u>7,556,951</u> | <u>6,828,314</u> | <u>6,883,394</u> | <u>6,717,118</u> | <u>5,562,903</u> |
| Fund balance at end 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> |

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

For a 10-year financial history of various City funds see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section” at the indicated pages as set forth below.

- (i) “Net Position by Component Last Ten Fiscal Years” (CAFR page 112);
- (ii) “Changes in Net Position Last Ten Fiscal Years” (CAFR page 113);
- (iii) “Fund Balances of Governmental Funds Last Ten Fiscal Years” (CAFR page 115);
- (iv) “Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years” (CAFR page 116); and
- (v) “Five Year Financial Summaries” (CAFR page 141).

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Taxable, Fair Market And Market Value Of Property

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> |
|----------------------|--------------------------|---------------------------------|-------------------------------------|---------------------------------|
| 2018 (1)..... | \$9,377,969,360 | 7.9 | \$10,592,069,360 | 8.2% |
| 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 |
| 2015 | 7,853,430,440 | 6.5 | 8,854,600,357 | 6.5 |
| 2014 | 7,370,755,842 | 4.6 | 8,316,517,010 | 4.7 |

- (1) Preliminary; subject to change. Fair Market/Market Value calculated by Zions Public Finance, Inc.
- (2) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment (“SCME”). The estimated redevelopment agency valuation 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; for Calendar Year 2015 was approximately \$447.5 million; and for Calendar Year 2014 was approximately \$421.0 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.)

Also, see “Historical Summaries Of Taxable Value Of Property” below.

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Historical Summaries Of Taxable Values Of Property Of Park City

| | 2018* | | 2017 | 2016 | 2015 | 2014 |
|---|------------------------|--------------|------------------------|------------------------|------------------------|------------------------|
| | Taxable Value | % of T.V. | Taxable Value | Taxable Value | Taxable Value | Taxable Value |
| <i>Set by State Tax Commission (Centrally Assessed)</i> | | | | | | |
| Total centrally assessed..... | \$ 53,352,355 | 0.6 | \$ 47,051,880 | \$ 39,624,113 | \$ 33,026,474 | \$ 28,282,491 |
| <i>Set by County Assessor (Locally Assessed)</i> | | | | | | |
| Real property: | | | | | | |
| Primary residential..... | 1,483,900,000 | 15.8 | 1,332,769,105 | 1,276,692,484 | 1,223,652,121 | 1,155,930,317 |
| Other residential..... | 6,630,140,000 | 70.7 | 6,158,384,939 | 5,835,889,982 | 5,517,129,952 | 5,118,234,124 |
| Commercial and industrial..... | 811,840,000 | 8.7 | 780,963,990 | 739,074,106 | 689,373,618 | 679,149,193 |
| FAA..... | 23,230 | 0.0 | 23,320 | 23,320 | 20,873 | 21,880 |
| Unimproved non FAA..... | 319,596,628 | 3.4 | 296,097,877 | 298,635,497 | 316,760,304 | 315,910,164 |
| Agricultural..... | 185,092 | 0.0 | 175,819 | 184,851 | 305,797 | 305,797 |
| Total real property..... | <u>9,245,684,950</u> | <u>98.6</u> | <u>8,568,415,050</u> | <u>8,150,500,240</u> | <u>7,747,242,665</u> | <u>7,269,551,475</u> |
| Personal property (1): | | | | | | |
| Primary mobile homes..... | 0 | 0.0 | 0 | 0 | 0 | 0 |
| Secondary mobile homes..... | 0 | 0.0 | 0 | 0 | 0 | 0 |
| Other business personal..... | 78,932,055 | 0.8 | 78,932,055 | 77,332,858 | 73,161,301 | 72,921,876 |
| Total personal property..... | <u>78,932,055</u> | <u>0.8</u> | <u>78,932,055</u> | <u>77,332,858</u> | <u>73,161,301</u> | <u>72,921,876</u> |
| Total locally assessed..... | <u>9,324,617,005</u> | <u>99.4</u> | <u>8,647,347,105</u> | <u>8,227,833,098</u> | <u>7,820,403,966</u> | <u>7,342,473,351</u> |
| Total taxable value..... | <u>\$9,377,969,360</u> | <u>100.0</u> | <u>\$8,694,398,985</u> | <u>\$8,267,457,211</u> | <u>\$7,853,430,440</u> | <u>\$7,370,755,842</u> |

* Preliminary; subject to change.

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

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

For a 10-year Calendar Year history of the City's presentation of the taxable and estimated fair market valuation see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Statistical Section—Schedule 6. Assessed Value of Taxable Property Excluding Fee-In-Lieu—Summit and Wasatch Counties Combined" (CAFR page 118).

LEGAL MATTERS

Absence Of Litigation Concerning The 2019 Bonds

There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the 2019 Bonds.

On the date of the execution and delivery of the 2019 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 2019 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 2019 Bonds or such other documents as may be required in connection with the issuance and sale of the 2019 Bonds, or to comply with or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2019 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2019 Bonds are issued, the legality of the purpose for which the 2019 Bonds are issued, or the validity of the 2019 Bonds or the issuance and sale thereof.

Also, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—Notes to the Financial Statements—Note H. Commitments and Contingencies" (CAFR page 82).

General

Certain legal matters incident to the authorization, issuance and sale of the 2019 Bonds are subject to the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel to the City. Certain legal matters will be passed upon for the City by Mark D. Harrington, City Attorney. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the City by Gilmore & Bell, P.C., Disclosure Counsel to the City. The approving opinion of Bond Counsel will be delivered with the 2019 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL" of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under "INTRODUCTION—Contact Persons" above.

The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2019 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2019 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2019 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2019 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law currently existing as of the issue date of the 2019 Bonds:

Federal Tax Exemption. The interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the 2019 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

State of Utah Tax Exemption. The interest on the 2019 Bonds is exempt from State of Utah individual income taxes.

Bond counsel's opinions are provided as of the date of the original issue of the 2019 Bonds, subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2019 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2019 Bonds, except as expressly provided herein. Purchasers of the 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2019 Bond over its issue price. The issue price of a 2019 Bond is generally the first price at which a substantial amount of the 2019 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2019 Bond during any accrual period generally equals (1) the issue price of that 2019 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2019 Bond

(determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2019 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2019 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2019 Bond over its stated redemption price at maturity. The issue price of a 2019 Bond is generally the first price at which a substantial amount of the 2019 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the 2019 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2019 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2019 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a 2019 Bond, an owner of the 2019 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2019 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2019 Bond. To the extent a 2019 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2019 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2019 Bonds, and to the proceeds paid on the sale of the 2019 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2019 Bonds should be aware that ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2019 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Rating

As of the date of this OFFICIAL STATEMENT, the 2019 Bonds have been rated "AA-" by S&P. An explanation of the above rating may be obtained from S&P. The City has not directly applied to Moody's or Fitch for a rating on the 2019 Bonds.

Such rating does not constitute a recommendation by the rating agencies to buy, sell or hold the 2019 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P at the following address: 55 Water St, New York, NY 10004. 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 rating given to the 2019 Bonds will continue for any given period or that the rating 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 rating may have an adverse effect on the market price of the 2019 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 2019 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 2019 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 2019 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 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 or warranty respecting the 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, 2018 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 2018” (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 2018 CAFR, any procedures on the financial statements addressed in the Fiscal Year 2018 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, laws of the State, court decisions and the Indenture, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Indenture 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 a 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 PRELIMINARY OFFICIAL STATEMENT is in a form deemed final by the City for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

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 2018

The CAFR for Fiscal Year 2018 is contained herein. Copies of current and prior comprehensive annual 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 2019 must be completed under State law by December 31, 2019.

Government Finance Officers Association—Financial Reporting and Budgets

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 30 consecutive years, beginning with Fiscal Year 1987 through Fiscal Year 2017. For the Fiscal Year 2017 certificate see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF PARK CITY, UTAH FOR FISCAL YEAR 2018—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 2018 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The City believes that its Fiscal Year 2018 CAFR continues to meet the Certificate of Achievement program requirements.*

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, 2018**

PARK CITY MUNICIPAL CORPORATION, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**(Including Internal Control and Compliance Reports
and Supplementary Information)
for fiscal year ended June 30, 2018**

**Prepared by:
Finance Department**

**Rebecca Gillis
Finance Manager**

**Mindy Finlinson
City Treasurer**

**Kim Atkinson
Accountant**

PARK CITY MUNICIPAL CORPORATION, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2018

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INTRODUCTORY SECTION



December 20, 2018

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 accounting principles generally accepted 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, 2018.

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, 2018 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 the City operates under a council-manager 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 is responsible 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, 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 22 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. 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 8,378.

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.

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 hosted the 2018 Freestyle Ski World Cup event for the twelfth year in a row in January 2018. Deer Valley Resort took first place as the best western resort in North America in *Ski Magazine's* resort review of 2018's Top-Ranked Western Ski Resorts. Deer Valley ranked first for five consecutive years between 2007 and 2011. It also marks eighteen consecutive years that Deer Valley has finished in the top three. The Park City Mountain Resort is located in the heart of Park City and was ranked number thirteen, overall.

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 current Summit County unemployment rate is estimated at 2.9 percent. The current State of Utah rate is 3.0 percent and the national rate is 4.0 percent.

Economic Trends

Park City has seen some 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. Total statewide skier days were 4,145,321, down 9.6 percent from the 2016-2017 season. Skier days were down nationally from 54.7 million to 53.3 million, a 2.8 percent decrease from the previous season. 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 been mitigating this by diversifying recreational activities in the “off-season”. The City hosted the Triple Crown Girls Fast Pitch Softball World Series for the sixteenth year. This event draws teams from California, Arizona, Colorado, Oklahoma, Idaho, Utah and Texas and each year is bigger and better than the last. Other events include Tour of Utah men’s professional cycling finishing their 704 mile course in Park City, and Park City Autumn Aloft three-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.

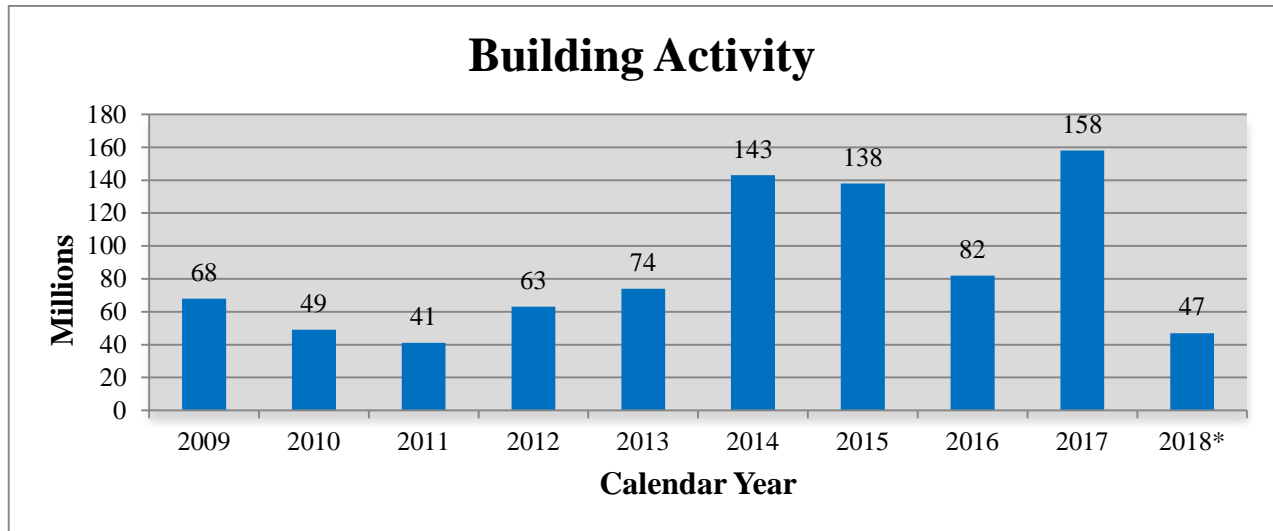
The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 161 restaurants, 217 shops, 33 private art centers and a community-sponsored art center. Many of Park City’s restaurants are award winning and among the finest in the intermountain west. The City estimates that there are 7,333 licensed nightly rental bedrooms. Please see Schedule 24 on page 136 of the Statistical Section of this report.

The Sundance Film Festival made its 37th annual appearance in Park City in January 2018. A recent study by Y2 Analytics revealed that the 2018 festival generated an overall economic impact of \$191.6 million for the State of Utah, beating the record of \$151.5 million reported after the 2017 Festival. 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 124,000 attendees this year, up significantly from the 2017 attendance of 71,600 with approximately 44,600 attendees coming from out of state.

The Kimball Arts Center sponsored its 48th annual three-day Park City Arts Festival in August 2017. The Park City Arts Festival is Utah’s oldest and the longest running arts festival in the West. This event attracted an estimated 53,408 visitors, which was an increase of 8.0 percent over the previous year. The festival featured 233 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 \$90.6 million per year. In the first six months of calendar year 2018, 37.3 percent of the \$47.3 million in building activity has been in residential construction. The remaining 62.7 percent consists of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$17.6 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 2018 number is from January 2018 through June 2018 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 \$651,250 in the Lower Deer Valley area to an average of \$2,562,500 for lots in the Empire Pass area. Condominiums range in average sales price from \$264,276 to \$3,059,805, depending upon location. Depending upon the area, single-family homes range from an average sales price of \$1,020,655 to \$6,200,000. Overall, year over prior year sales, the volume of single-family homes sold was up 8.0 percent and the median sales price increased by 4.0 percent, over 2017. In contrast, condominium sales showed a volume decrease of 2.0 percent, however the median sales price increased 18.0 percent as compared to 2017.

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 2018 the City experienced an increase of 3.7 percent. 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 8.45 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 0.8 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 on the basis of 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 cutting edge 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. This year an additional step was added to the process: The Finance Manager; Human Resources Manager; Capital Budgets, Debts & Grants Manager; Operating Budget Manager and the City Manager held 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 53 large cities in the United States, including Salt Lake City, ranked cities by property tax rate. Salt Lake City was consistently amongst the lower in the nation, ranking between 40 and 50. Park City's tax rate is approximately one half of the property tax rate of Salt Lake City. 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 2018 was adopted with no property tax increase.

Major Initiatives

Net Zero Energy Goal by 2032 – City Council and Park City officially adopted a set of goals that are specific to the environment. 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 the year 2032. 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.

Electric Bike-Share Program – In an effort to reduce traffic and improve air quality, Park City teamed up with Summit County to purchase eighty-eight E-bikes. There are nine docking stations spilt amongst Park City Old Town, Kimball Junction, and Canyons Transit Center. If Park City’s residents and tourists continue to respond well to the all-electric bike-share program, it could 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, running every ten minutes from 7:00 a.m. to midnight, seven days a week, at about \$0.19 per mile. The buses run along State Route 224 from Kimball Junction to Park City Old Town Transit Center, with stops at Fresh Market and the Canyons Resort. The installation of an additional bus charger at the Old Town Transit Center was completed during fiscal year 2018. Due to the success of the electric bus system, we anticipate the purchase of seven additional electric buses in fiscal year 2019.

Kamas Commuter – During the Summer of 2017, Park City transit service extended to the Kamas Valley as part of a pilot program with Summit County. Two commuter buses run in the mornings and evenings with stops along State Road 248 and the Kamas Valley. This is part of the five-year transit plan.

Treasure Hill – City Council approved a purchase and sale agreement as well as a settlement agreement to purchase 105 acres located on a hillside overlooking Old Town along the route of the Town Lift, known as Treasure Hill. An initial payment of \$6.0 million was made in March 2018 that will be applied to either the final purchase or to buy down the density of the area by 10.0 percent. A \$48.0 million bond initiative will be included on the November 2018 ballot that would be used to fund the remaining cost of the acquisition of the Treasure land conservation deal.

Affordable Housing – City Council is committed to making Park City a thriving mountain community through accessible and diverse housing. The City began building eight units at 1450 and 1460 Park Avenue and entered into an agreement to purchase eleven new units upon completion known as the Central Park Condos. All nineteen of these units were contracted to sell through a lottery system to qualified residents during fiscal year 2018. All of the units were sold except for one at fiscal yearend. The City began construction of four single family homes, four

townhomes and four accessory units located on Woodside Avenue. Anticipated completion of these units is Spring of 2019.

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 Water Fund and to determine future water rate increases and bonding needs. The City continues to evaluate the need for a new public utilities building to better serve Water, Streets, and Stormwater utilities. 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.

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.

Parking System – In 2016, Park City completed a comprehensive parking study which it worked to implement all findings from the study by overhauling the parking department with technology and paid parking. The new parking system was implemented in October 2017. In just one year, the City acquired funding and launched two guidance systems, collections management, mobile app, wayfinding signage, branding, meters and a facelift to the China Bridge parking garage.

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, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government 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. The City has received a Certificate of Achievement for the last thirty consecutive years, fiscal years 1987-2017. 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 the GFOA to determine its eligibility for another certificate.

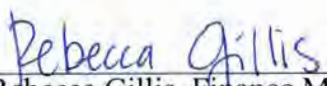
Park City Municipal Corporation also received the Distinguished Budget Presentation Award from the GFOA for the City's adopted budget for the biennium period beginning July 1, 2009. The City has won this award for fiscal years 1992 and 1993 and the biennium periods beginning 1993, 1997, 1999, 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2014 and most recently 2016. 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,



Diane Foster, City Manager



Rebecca Gillis, Finance Manager

PARK CITY MUNICIPAL CORPORATION, UTAH

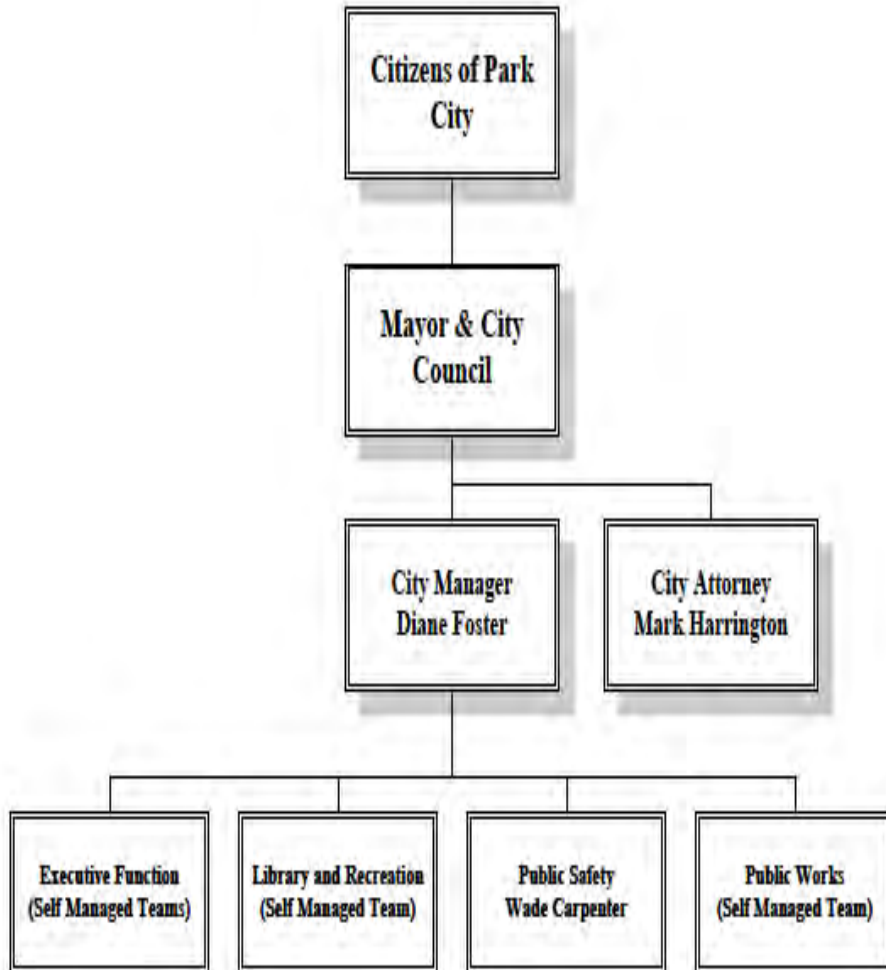
Park City Municipal Building
445 Marsac Avenue
Park City, Utah 84060

MAYOR AND CITY COUNCIL AS OF JUNE 30, 2018

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

Diane Foster, City Manager
Mark Harrington, City Attorney
Rebecca Gillis, 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 and the Park City Housing Authority structure.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Park City Municipal Corporation

Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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, 2018, 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, 2018, 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.

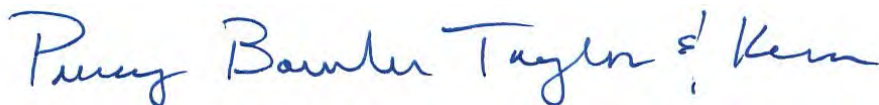
Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, and proportionate share of statutorily required pension contribution information on pages 4-20 and 91-93 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, and statistical section 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 and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, 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 20, 2018

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2018

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, 2018. 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, 2018, was \$364,589,784. Of this amount, \$52,106,301 (unrestricted net position) is available to meet ongoing financial obligations.
- The City's government-wide net position increased by \$25,057,019. Of this amount, business-type activities increased by \$5,309,389, a rise of 4.5 percent, and the governmental activities increased by \$19,747,630 a rise of 9.0 percent when compared to last fiscal year.
- The City's governmental funds reported a combined ending fund balance of \$63,065,279 an increase of \$16.7 million (36.1 percent) compared to the beginning of this year's fund balance amount. The increase in fund balance in comparison to last fiscal year is attributable to increases in committed and restricted fund balance for capital projects. Of the combined total fund balance, \$7,730,233 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, 2018, totaled \$7,730,233 and is 22.4 percent of the General Fund total revenues for the year and 12.3 percent of total governmental fund balance.
- The City's total debt had a net increase of \$20,200,000 during fiscal year 2018. This represents a 19.3 percent increase over the prior year, which is attributable to the issuance of the 2017 Sales Tax Bonds combined with the effect of the normal reduction in principal balances from required debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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

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 22-25 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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 28 and 30. 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 27-31 of this report. 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 96-106.

- 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 31, 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, 2018

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 33-37 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 108-110 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 39-40 of this report.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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, 2018 and 2017.

Park City Municipal Corporation
Comparative Summary of Net Position
(in millions of dollars)

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-Type</u> <u>Activities</u> | | <u>Total</u> | | Total % Change |
|--------------------------------------|--|----------------------|---|----------------------|--------------------|----------------------|---------------------------|
| | <u>2018</u> | <u>2017 *</u> | <u>2018</u> | <u>2017 *</u> | <u>2018</u> | <u>2017 *</u> | |
| Current and other assets | \$ 91.4 | \$ 73.9 | \$ 29.8 | \$ 43.7 | \$ 121.2 | \$ 117.6 | 3.1% |
| Capital assets | 279.1 | 249.2 | 133.6 | 123.1 | 412.7 | 372.3 | 10.9% |
| Total assets | <u>370.5</u> | <u>323.1</u> | <u>163.4</u> | <u>166.8</u> | <u>533.9</u> | <u>489.9</u> | 9.0% |
| Total deferred outflows of resources | <u>5.3</u> | <u>4.9</u> | <u>2.1</u> | <u>1.7</u> | <u>7.4</u> | <u>6.6</u> | 12.1% |
| Long-term debt | 98.2 | 72.1 | 35.8 | 39.1 | 134.0 | 111.2 | 20.5% |
| Other liabilities | 11.1 | 12.5 | 5.2 | 11.4 | 16.3 | 23.9 | -31.8% |
| Total liabilities | <u>109.3</u> | <u>84.6</u> | <u>41.0</u> | <u>50.5</u> | <u>150.3</u> | <u>135.1</u> | 11.3% |
| Total deferred inflows of resources | <u>24.8</u> | <u>21.4</u> | <u>1.6</u> | <u>0.5</u> | <u>26.4</u> | <u>21.9</u> | 20.5% |
| Net position | | | | | | | |
| Net investment in capital assets | 190.0 | 182.7 | 104.3 | 91.0 | 294.3 | 273.7 | 7.5% |
| Restricted | 13.0 | 7.6 | 5.2 | 5.1 | 18.2 | 12.7 | 43.3% |
| Unrestricted | 38.7 | 31.7 | 13.4 | 21.4 | 52.1 | 53.1 | -1.9% |
| Total net position | <u>\$ 241.7</u> | <u>\$ 222.0</u> | <u>\$ 122.9</u> | <u>\$ 117.5</u> | <u>\$ 364.6</u> | <u>\$ 339.5</u> | 7.4% |

* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2018, the City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$364.6 million (net position), compared to \$339.5 million at June 30, 2017. This would indicate an improved financial position in comparison to last fiscal year. Approximately 80.7 percent at June 30, 2018, and 80.6 percent at June 30, 2017, 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 \$20.6 million was primarily due to the

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

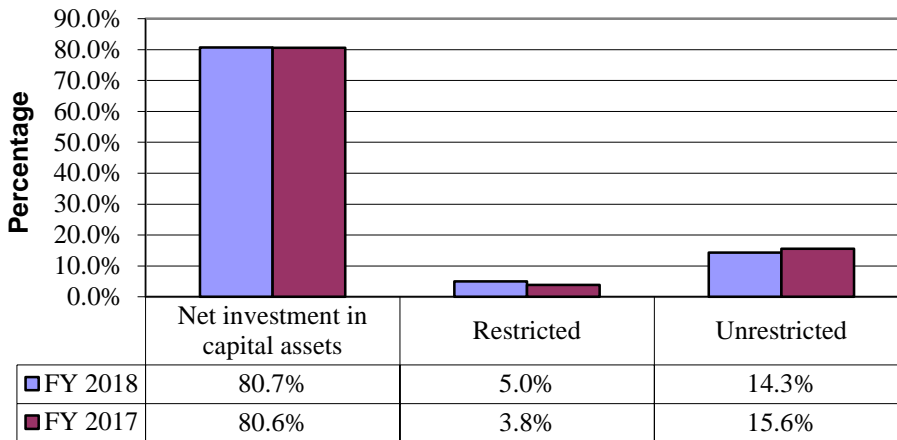
purchase of Bonanza Park East (Arts & Culture District), combined with routine acquisitions of capital assets, repayments of the related debt and depreciation expense.

Restricted net position of \$18.2 million at June 30, 2018, and \$12.7 million at June 30, 2017 represents resources that are subject to external restrictions on how they may be used. The increase in restricted net position of \$5.5 million reflects the addition of the 2017 Sales Tax Revenue Bond restricted for the purpose of financing capital projects. Restricted net position for debt service and other remained the same from fiscal year 2017.

The other sub-classification of net position is unrestricted. The balance of approximately \$52.1 million at June 30, 2018, 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 decreased \$1.0 million from last fiscal year. The reasons for this overall decrease 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, 2018 and 2017 ***



* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

Changes in Net Position - As taken from the Statement of Activities, the following table depicts the changes in net position for fiscal years 2018 and 2017.

Park City Municipal Corporation
Summary of Changes in Net Position
(in millions of dollars)

| | Governmental Activities | | Business-Type Activities | | Total | | Total % Change |
|---|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for services | \$ 6.3 | \$ 5.1 | \$ 30.2 | \$ 24.6 | \$ 36.5 | \$ 29.7 | 22.9% |
| Operating grants and contributions | 0.2 | 0.2 | 2.3 | 2.8 | 2.5 | 3.0 | -16.7% |
| Capital grants and contributions | 9.0 | 2.6 | 2.4 | 14.6 | 11.4 | 17.2 | -33.7% |
| General Revenues | | | | | | | |
| Property Tax | 21.1 | 18.6 | - | - | 21.1 | 18.6 | 13.4% |
| Other Taxes | 23.5 | 21.1 | 5.6 | 5.2 | 29.1 | 26.3 | 10.6% |
| Investment earnings | 1.1 | 0.6 | 0.4 | 0.4 | 1.5 | 1.0 | 50.0% |
| Other | 1.8 | 4.8 | 0.5 | 0.5 | 2.3 | 5.3 | -56.6% |
| Total revenues | 63.0 | 53.0 | 41.4 | 48.1 | 104.4 | 101.1 | 3.3% |
| Expenses | | | | | | | |
| General government | 21.8 | 21.9 | - | - | 21.8 | 21.9 | -0.5% |
| Public safety | 6.7 | 6.3 | - | - | 6.7 | 6.3 | 6.3% |
| Public works | 7.2 | 7.3 | - | - | 7.2 | 7.3 | -1.4% |
| Library and recreation | 5.7 | 5.8 | - | - | 5.7 | 5.8 | -1.7% |
| Interest on long-term debt | 2.6 | 1.4 | - | - | 2.6 | 1.4 | 85.7% |
| Water | - | - | 13.3 | 13.1 | 13.3 | 13.1 | 1.5% |
| Stormwater | - | - | 0.9 | 1.2 | 0.9 | 1.2 | 100.0% |
| Transportation and parking | - | - | 19.4 | 13.8 | 19.4 | 13.8 | 40.6% |
| Golf course | - | - | 1.7 | 1.5 | 1.7 | 1.5 | 13.3% |
| Total expenses | 44.0 | 42.7 | 35.3 | 29.6 | 79.3 | 72.3 | 9.7% |
| Increase in net position before transfers | 19.0 | 10.3 | 6.1 | 18.5 | 25.1 | 28.8 | -12.8% |
| Transfers | 0.7 | (7.5) | (0.7) | 7.5 | - | - | 0.0% |
| Increase in net position | 19.7 | 2.8 | 5.4 | 26.0 | 25.1 | 28.8 | 0.0% |
| Net position beginning | 222.0 | 212.0 | 117.5 | 91.8 | 339.5 | 303.8 | 11.8% |
| Adjustment to beginning net position* | - | 7.2 | - | (0.3) | - | 6.9 | 100.0% |
| Net position ending | \$ 241.7 | \$ 222.0 | \$ 122.9 | \$ 117.5 | \$ 364.6 | \$ 339.5 | 7.4% |

* Restatement of beginning net position is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

Net position increased from governmental activities in fiscal year 2018 approximately \$19.7 million and increased \$2.8 million in fiscal year 2017. The increase is primarily from increased capital grants and contributions combined with an increase in resort and sales taxes. Expenses for

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

governmental activities increased \$1.3 million. The reasons for this increase are discussed in the following section for governmental activities.

Net position increased \$5.4 million in fiscal year 2018 and increased \$26.0 million in 2017 for business-type activities. The revenues for business-type activities decreased \$6.7 million mostly due to a decrease in capital grants and contributions. Expenses for business-type activities increased \$5.7 million. The reasons for this increase are discussed in the following section for business-type activities.

Revenues – For the year ended June 30, 2018, the City’s government-wide total revenues are approximately \$104.4 million as compared to the prior year total revenues of \$101.1 million.

Key elements of this change were as follows:

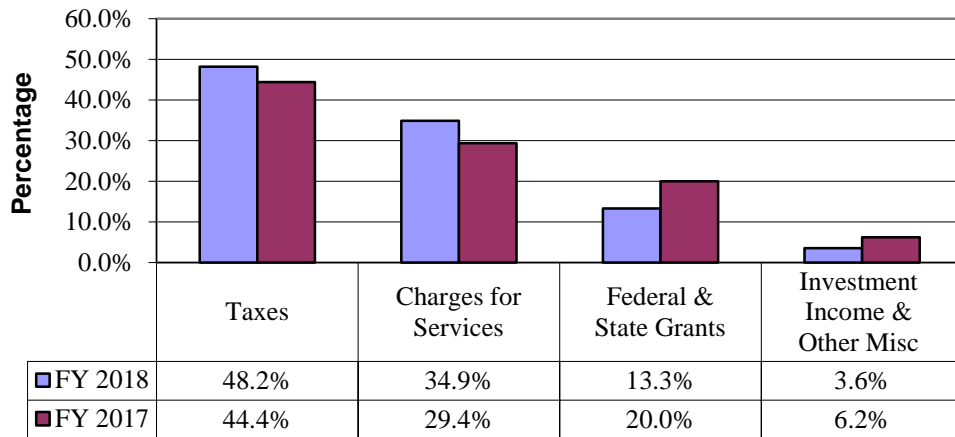
- Of the City’s total revenues, approximately 48.2 percent in fiscal year 2018 and 44.4 percent in fiscal year 2017 resulted from taxes, of which the majority was from general sales and use taxes and resort taxes as shown in the following table:

| | Tax Revenues | | Total % Change |
|---|--------------|---------|-------------------|
| | 2018 | 2017 | |
| Property tax, levied for general purposes | \$ 14.7 | \$ 14.4 | 2.08% |
| Property tax, levied for debt service | 6.4 | 4.2 | 52.38% |
| General sales and use tax | 11.5 | 10.8 | 6.48% |
| Franchise tax | 3.1 | 3.2 | -3.13% |
| Resort tax | 14.5 | 12.3 | 17.89% |
| Total | \$ 50.2 | \$ 44.9 | 11.80% |

- Charges for services increased in fiscal year 2018 approximately \$6.8 million and increased from 29.4 percent of total revenues in fiscal year 2017 to 34.9 percent in fiscal year 2018. The \$6.8 million increase was primarily due to an increase in transportation and parking fees and increased licensing and permit fees.
- Operating and capital contributions and grants decreased to 13.3 percent of total revenues in fiscal year 2018 as compared to 20.0 percent in fiscal year 2017. This was a result of a decrease in operating and capital grants in business-type 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 decreased to 3.6 percent of total revenues in fiscal year 2018 from 6.2 percent in fiscal year 2017. The \$2.5 million decrease was due to a decrease in donations received in fiscal year 2018.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

**Government-Wide Revenues by Source
June 30, 2018 and 2017**



Expenses – The City’s government-wide total expenses cover a range of services. For the year ended June 30, 2018, the City’s total expenses are \$79.3 million compared to the prior year of \$72.3 million. Of the \$7.0 million increase, general government expenses decreased \$0.1 million, public safety increased \$0.4 million, public works decreased \$0.1 million, library and recreation decreased \$0.1 million and interest on long-term debt increased \$1.2 million. Business-type activities increased \$5.7 million.

Governmental Activities:

The City’s governmental activities increased net position by \$19.7 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 \$44.6 million or 70.8 percent in fiscal year 2018 and \$39.7 million or 74.9 percent in fiscal year 2017 of total revenues from governmental activities. The \$4.9 million increase is the combination of the increased receipts of sales, resort and property taxes. Of total taxes, real property taxes are approximately \$21.1 million (47.3 percent) in fiscal year 2018 and \$18.6 million (46.9 percent) in fiscal year 2017.
- Charges for services increased to \$6.3 million or 10.0 percent of total revenues in fiscal year 2018 from \$5.1 million or 9.6 percent of total revenues in fiscal year 2017. The increase in 2018 was a result of increased licensing and permit fees and recreational activity fees.
- Grant and contribution revenue represents approximately \$9.2 million or 14.6 percent in fiscal year 2018 and \$2.8 million or 5.3 percent in fiscal year 2017 of total revenues. The \$6.4 million increase was the result of an increase in capital grants and contributions towards the purchase of the Mine Bench and Marsac 100 properties.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

Expense Highlights:

- General government expenses of \$21.8 million in fiscal year 2018 and \$21.9 million in fiscal year 2017 represented 49.5 percent in fiscal year 2018 and 51.3 percent in fiscal year 2017 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 15.3 percent in fiscal year 2018 and \$6.3 million or 14.8 percent in fiscal year 2017. The \$0.4 million increase was primarily due to increases in salaries and benefits.
- Public Works, accounted for approximately \$7.2 million or 16.4 percent in fiscal year 2018 and \$7.3 million or 17.1 percent in fiscal year 2017 of total expenses.
- Library and Recreation expenses were \$5.7 million or 13.0 percent in fiscal year 2018 and \$5.8 million or 13.6 percent in fiscal year 2017.

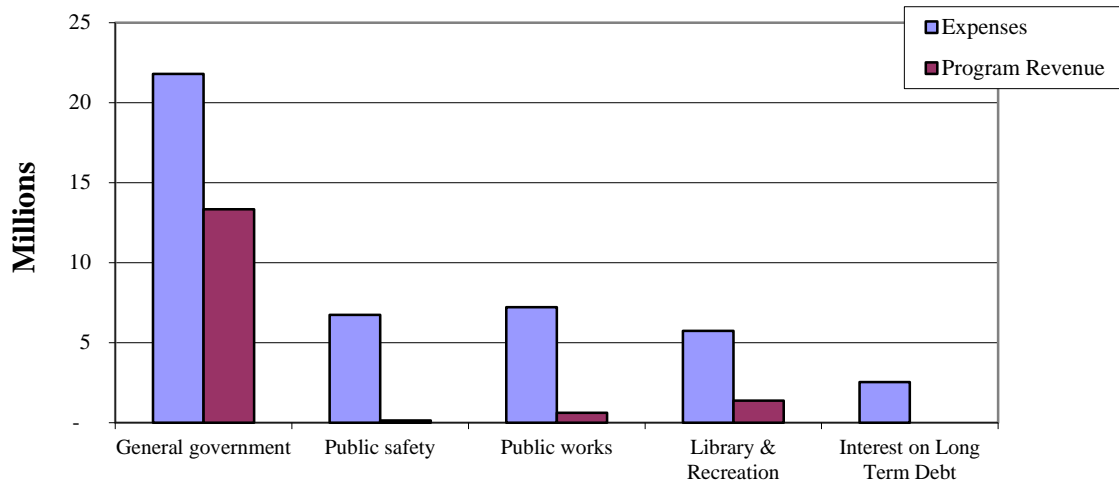
As a result, total net expenses that were funded by general revenues were \$28.5 million. Tax revenues of \$44.6 million were sufficient to fund net expenses in fiscal year 2018.

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

| Park City Municipal Corporation | | | | | |
|---|-----------------------|-----------------------|-----------------------------|-----------------------|----------------------|
| Costs of Governmental Activities | | | | | |
| (in millions of dollars) | | | | | |
| | Total Cost of | | Net Cost of Services | | Total % |
| | Services | | | | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>Change</u> |
| General government | \$ 21.8 | \$ 21.9 | \$ 8.5 | \$ 16.1 | -47.2% |
| Public safety | 6.7 | 6.3 | 6.6 | 6.1 | 8.2% |
| Public works | 7.2 | 7.3 | 6.6 | 6.6 | 0.0% |
| Library and recreation | 5.7 | 5.8 | 4.3 | 4.6 | -6.5% |
| Interest on long term debt | 2.6 | 1.4 | 2.5 | 1.4 | 78.6% |
| Total | <u>\$ 44.0</u> | <u>\$ 42.7</u> | <u>\$ 28.5</u> | <u>\$ 34.8</u> | <u>-18.1%</u> |

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

**Expense and Program Revenue-Governmental Activities*
Fiscal Year 2018**



* See page 24

Business-type Activities:

The City's business-type activities increased net position by \$5.4 million. Key elements of this increase were as follows:

Revenue Highlights:

- Charges for services for business-type activities increased approximately \$5.6 million in fiscal year 2018 primarily due to the increase in transportation and parking fees.
- Operating and capital grants and contributions decreased approximately \$12.7 million from fiscal year 2017 to fiscal year 2018. The decrease was primarily due to a decrease in capital contribution donations received in fiscal year 2018.
- Combined general sales and use tax and transit resort tax increased approximately \$0.4 million from fiscal year 2017 to fiscal year 2018. The increase in fiscal year 2018 is attributable to a 0.5 percent increase to the transit tax in April 2017.

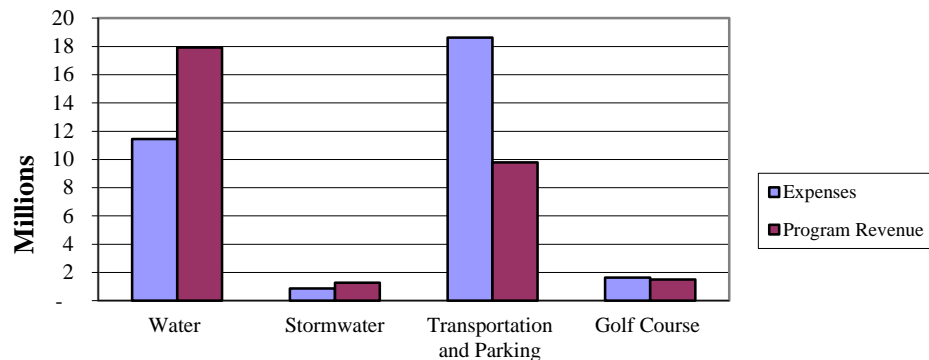
Expense Highlights:

- Salaries and benefits increased by \$2.3 million in 2018. The Transportation and Parking Fund accounted for \$2.1 million of the increase. The \$2.1 million increase in the Transportation and Parking Fund was due to an increase in the number of full-time benefitted and part-time positions. The remaining \$0.2 million increase was attributable to the Water Fund due to an increase in the number of full-time benefitted and part-time positions.

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

- Supplies, maintenance and services increased by \$3.1 million in fiscal year 2018. The \$3.1 million increase in the Transportation and Parking Fund was primarily due to a \$1.5 million payment to Summit County for transit operating assistance, \$0.4 million for the electric bus batteries, \$1.2 million for paid parking infrastructure.
- Energy and utilities remained flat in fiscal year 2018.

Business-Type Funds - Program Revenues and Expenses*



*See Page 24

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 47.

As of June 30, 2018, the aggregate fund balance of the City's governmental funds was \$63.1 million, an increase of \$16.8 million in comparison with the fiscal year ended June 30, 2017. In fiscal year 2018, approximately \$7.7 million or 12.3 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 \$0.1 million in fiscal year 2018 and was zero in fiscal year 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

Restricted fund balance has externally enforceable limitations on use and is not available for new spending. Restricted fund balance is approximately \$12.9 million in fiscal year 2018 and \$7.6 million in fiscal year 2017. 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 \$42.4 million is committed. Of the \$42.4 million committed fund balance, \$38.9 million is committed to capital projects, \$1.9 million is committed to debt service and \$1.6 million is committed to special revenue. In fiscal year 2017 committed fund balance was approximately \$31.2 million and \$28.6 million was committed to capital projects, \$1.8 million to debt service, and \$0.8 million to special revenue.

The General Fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,728,227) and a 25.0 percent maximum (\$8,641,136) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2018 the unassigned fund balance of the General Fund was \$7,730,233 and was \$910,903 below the 25.0 percent limit. The unassigned fund balance increased by \$232,956 in 2018. The unassigned fund balance in fiscal year 2017 increased \$717,603.

As of June 30, 2018, the restricted fund balance in the Capital Improvements Fund was \$6.6 million and the committed fund balance was \$34.3 million. In fiscal year 2017 the restricted fund balance was \$6.3 million and the committed fund balance was \$24.9 million. The \$9.4 million increase in committed fund balances resulted from a significant decrease in 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 \$122.7 million at June 30, 2018, as compared to \$117.6 million at the end of fiscal year 2017. Net position at the end of fiscal year 2018 and 2017 for each of these funds were:

| Park City Municipal Corporation | | | |
|--|--------------------|----------------------|---------------|
| Proprietary Funds | | | |
| Fund | Amount | | Change |
| | <u>2018</u> | <u>2017 *</u> | |
| Water | \$ 62,169,461 | \$ 56,685,424 | \$ 5,484,037 |
| Stormwater | 8,429,678 | 8,066,988 | 362,690 |
| Transportation and parking | 49,239,872 | 49,751,326 | (511,454) |
| Golf course | 2,866,893 | 3,061,155 | (194,262) |
| Total | \$ 122,705,904 | \$ 117,564,893 | \$ 5,141,011 |

* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

The net increase in net position from the prior year was \$5.1 million as compared to an increase of \$26.0 million in fiscal year 2017. Operating revenues increased \$5.6 million as compared to an increase of \$3.8 million in fiscal year 2017. The Transportation and Parking Fund operating

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

revenues increased \$4.6 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 \$8.1 million, restricted net position remained the same and unrestricted net position decreased by \$2.8 million resulting in a net increase of total net position of \$5.3 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 \$0.5 million resulting in a net increase of total net position of \$0.4 million. The increase was due an increase in fees.

Transportation and Parking Fund net investment in capital assets increased by \$5.2 million in fiscal year 2018 primarily due to the purchase of the new parking system, installation of a new charging station, and the purchase of 23 condo units for transit operator housing. Unrestricted net position decreased \$5.7 million resulting in a net decrease of total net position of \$0.5 million.

Golf Fund net investment in capital assets decreased by \$0.2 million. The decrease was due to regular depreciation expense. Unrestricted net position 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 \$1.4 million (net increase) can be briefly summarized as follows:

- \$1.1 million increase in appropriations for general government was due to lump merit awards and vacancy factor allocations.
- \$0.3 million increase in public safety for salaries and benefits.

Total actual expenditures came in \$1.3 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 \$0.9 million more than the actual expenditures in general government. This variance is attributable to expenditures under budget in salaries and benefits.

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

- The final budget in public safety was \$0.2 million more than actual expenditures. The variance is attributable to expenditures under budget in salaries and benefits.
- The final budget was \$0.1 million more than actual expenditures in public works. The variance is attributable to expenditures under budget in parts and maintenance supplies for Street Maintenance.
- The final budget was \$0.1 million more than actual expenditures in library and recreation. The variance is attributable to expenditures under budget in utilities and supplies for Recreation.

Actual revenues of \$34.6 million were \$0.4 million less than the budgeted revenues of \$35.0 million. See Note L-Budget Reconciliation on page 84 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 \$412.7 million (net of \$206.7 million accumulated depreciation) at June 30, 2018, as compared to \$372.3 million (net of \$195.3 million accumulated depreciation) at June 30, 2017. 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, 2018 included:

Governmental Activities:

- \$19.4 million purchase of land known as Bonanza Park East
- \$6.0 million purchase for a 10% buy-down of density of the Treasure Hill property
- \$1.5 million for Woodside Affordable Housing
- \$1.5 million for Lowell Avenue Reconstruction

Business-type Activities:

- \$2.4 million for Parking System
- \$1.2 million for 23 Prospector Condos to be used as transit operator housing
- \$1.1 million for the Old Town Electric Bus Charging Station

PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018

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>Activities</u> | <u>2018</u> | <u>2017 *</u> | |
| | <u>2018</u> | <u>2017 *</u> | <u>2018</u> | <u>2017 *</u> | <u>2018</u> | <u>2017 *</u> | |
| Land and water rights | \$ 177.9 | \$ 155.8 | \$ 22.2 | \$ 22.2 | \$ 200.1 | \$ 178.0 | 12.4% |
| Infrastructure | 114.6 | 114.7 | - | - | 114.6 | 114.7 | -0.1% |
| Buildings | 45.3 | 43.3 | 23.1 | 20.7 | 68.4 | 64.0 | 6.9% |
| Art | 0.7 | 0.7 | 0.1 | 0.1 | 0.8 | 0.8 | 0.0% |
| Improvements other than buildings | 41.4 | 41.1 | 111.4 | 107.1 | 152.8 | 148.2 | 3.1% |
| Vehicles and equipment | 13.4 | 12.8 | 32.6 | 30.9 | 46.0 | 43.7 | 5.3% |
| Construction in progress | 13.8 | 5.6 | 14.2 | 6.6 | 28.0 | 12.2 | 129.5% |
| Intangibles | 8.6 | 5.9 | 0.1 | 0.1 | 8.7 | 6.0 | 45.0% |
| Accumulated depreciation | (136.6) | (130.7) | (70.1) | (64.6) | (206.7) | (195.3) | 5.8% |
| Total Assets | <u>\$ 279.1</u> | <u>\$ 249.2</u> | <u>\$ 133.6</u> | <u>\$ 123.1</u> | <u>\$ 412.7</u> | <u>\$ 372.3</u> | <u>10.9%</u> |

* Restatement of Fiscal Year 2017 is the result of a prior period adjustment; see Note R on page 87-88 for more detail.

Additional information on the City's capital assets can be found in Note D-Capital Assets on pages 56-57 of this report.

Long-term Debt: At June 30, 2018, the City had \$132.7 million in bonds, an increase of 20.6 percent from fiscal year 2017. Of this amount \$45.3 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 \$87.4 million.

The City's general obligation bonds were recently upgraded by Moody's to 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 and 2017 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 2018 and 2017 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>Activities</u> | <u>2018</u> | <u>2017</u> | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | |
| General obligation bonds | \$ 45.3 | \$ 50.5 | \$ - | \$ - | \$ 45.3 | \$ 50.5 | -10.3% |
| Revenue bonds | 52.0 | 20.7 | 35.4 | 38.8 | 87.4 | 59.5 | 46.9% |
| Total debt | <u>\$ 97.3</u> | <u>\$ 71.2</u> | <u>\$ 35.4</u> | <u>\$ 38.8</u> | <u>\$ 132.7</u> | <u>\$ 110.0</u> | <u>20.6%</u> |

The State of Utah mandates a general obligation debt limit of 4.0 percent of total assessed value of \$8,647,347,105. The current limitation for the City is \$345,893,884 which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this

**PARK CITY MUNICIPAL CORPORATION, UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued
June 30, 2018**

limitation was \$42,390,000 or 0.5 percent of total assessed value, leaving the amount available for future indebtedness at \$303,503,884. See Schedule 17 on page 129 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 58-69 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 2.9 percent compared with the State unemployment rate of 3.0 percent, and a national rate of 4.0 percent. This compares with a rate of 3.1 percent for Summit County in 2017. (Sources: Utah Dept. of Workforce Services and Bureau of Labor Statistics)
- The fiscal year 2019 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 2019 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 6.0 percent, a 10.0 percent increase to the irrigation base rate, and an increase to the energy surcharge of \$0.14 to \$0.41 per 1,000 gallons effective July 1, 2018. In the Stormwater Fund the Equivalent Surface Unit (ESU) charge increased 25.0 percent, a \$1.22 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.
- On November 6, 2018, Park City voters approved the Park City Open Space Bond Ballot Initiative in an amount not to exceed \$48,000,000. This general obligation bond will be used to acquire, improve and forever preserve open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture.

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.

BASIC FINANCIAL STATEMENTS

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2018

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash, cash equivalents and investments | \$ 52,370,923 | \$ 14,264,278 | \$ 66,635,201 |
| Restricted cash and cash equivalents, fiscal agent | 6,211,943 | 5,186,969 | 11,398,912 |
| Restricted cash, cash equivalents and investments, other | 6,604,245 | - | 6,604,245 |
| Receivables: | | | |
| Taxes | 23,471,210 | 538,782 | 24,009,992 |
| Accounts | 1,092,279 | 7,987,369 | 9,079,648 |
| Notes | 1,273,106 | - | 1,273,106 |
| Internal balances | (66,053) | 66,053 | - |
| Inventories | 294,289 | 500,077 | 794,366 |
| Prepays | - | 1,263,500 | 1,263,500 |
| Building held for resale | 166,096 | - | 166,096 |
| Capital assets not being depreciated: | | | |
| Land and water rights | 177,825,381 | 22,245,189 | 200,070,570 |
| Construction in progress | 13,820,885 | 14,182,778 | 28,003,663 |
| Art | 730,119 | 109,214 | 839,333 |
| Capital assets (net of accumulated depreciation): | | | |
| Buildings | 30,273,719 | 15,882,044 | 46,155,763 |
| Improvements other than buildings | 19,807,470 | 62,673,032 | 82,480,502 |
| Vehicles and equipment | 5,274,983 | 18,495,486 | 23,770,469 |
| Infrastructure | 23,161,347 | - | 23,161,347 |
| Intangibles | 8,245,166 | 26,575 | 8,271,741 |
| Net pension asset | 3,365 | - | 3,365 |
| Total assets | <u>370,560,473</u> | <u>163,421,346</u> | <u>533,981,819</u> |
| | | | |
| Deferred outflows of resources related to pensions | <u>\$ 5,284,406</u> | <u>\$ 2,051,311</u> | <u>\$ 7,335,717</u> |

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

Park City Municipal Corporation, Utah
Statement of Net Position
June 30, 2018

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Total |
| Liabilities | | | |
| Accounts payable | \$ 2,524,200 | \$ 2,870,983 | \$ 5,395,183 |
| Accrued liabilities | 2,932,682 | 241,948 | 3,174,630 |
| Long-term debt due within one year: | | | |
| Compensated absences | 353,697 | 171,623 | 525,320 |
| General obligation bonds | 4,360,000 | - | 4,360,000 |
| Revenue bonds | 3,240,000 | 3,255,000 | 6,495,000 |
| Long-term debt due in more than one year: | | | |
| Compensated absences | 520,460 | 179,316 | 699,776 |
| General obligation bonds | 40,913,366 | - | 40,913,366 |
| Revenue bonds | 48,763,833 | 32,164,397 | 80,928,230 |
| Net pension liability | 5,692,928 | 2,087,306 | 7,780,234 |
| Total liabilities | <u>109,301,166</u> | <u>40,970,573</u> | <u>150,271,739</u> |
| Deferred inflows of resources | | | |
| Property taxes | 20,046,312 | - | 20,046,312 |
| Deferred gain on refunding | 217,783 | - | 217,783 |
| Deferred inflows of resources related to pensions | 4,382,562 | 1,643,260 | 6,025,822 |
| Deferred inflows of resources - unavailable revenue | 166,096 | - | 166,096 |
| Total deferred inflows of resources | <u>24,812,753</u> | <u>1,643,260</u> | <u>26,456,013</u> |
| Net Position | | | |
| Net investment in capital assets | 190,028,413 | 104,256,756 | 294,285,169 |
| Restricted for: | | | |
| Debt service | 11,900 | 5,186,969 | 5,198,869 |
| Capital projects | 12,804,288 | - | 12,804,288 |
| Other | 195,157 | - | 195,157 |
| Unrestricted | 38,691,202 | 13,415,099 | 52,106,301 |
| Total net position | <u><u>\$241,730,960</u></u> | <u><u>\$ 122,858,824</u></u> | <u><u>\$364,589,784</u></u> |

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue</u> |
|--------------------------------|----------------------|---------------------------------|---|---|--------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 21,793,758 | \$ 4,724,514 | \$ 17,000 | \$ 8,598,624 | \$ (8,453,620) |
| Public safety | 6,736,639 | 2,880 | 131,575 | - | (6,602,184) |
| Public works | 7,209,164 | 189,117 | - | 420,261 | (6,599,786) |
| Library and recreation | 5,726,489 | 1,356,186 | 12,500 | 10,000 | (4,347,803) |
| Interest on long-term debt | 2,537,159 | - | - | - | (2,537,159) |
| Total governmental activities | <u>44,003,209</u> | <u>6,272,697</u> | <u>161,075</u> | <u>9,028,885</u> | <u>(28,540,552)</u> |
| Business-type activities: | | | | | |
| Water | 13,314,440 | 17,924,616 | - | 1,255,340 | 5,865,516 |
| Stormwater | 921,138 | 1,277,767 | - | - | 356,629 |
| Transportation and parking | 19,435,515 | 9,789,087 | 2,307,083 | 1,184,342 | (6,155,003) |
| Golf course | 1,711,826 | 1,203,560 | - | - | (508,266) |
| Total business-type activities | <u>35,382,919</u> | <u>30,195,030</u> | <u>2,307,083</u> | <u>2,439,682</u> | <u>(441,124)</u> |
| Total primary government | <u>\$ 79,386,128</u> | <u>\$ 36,467,727</u> | <u>\$ 2,468,158</u> | <u>\$ 11,468,567</u> | <u>\$ (28,981,676)</u> |

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

Park City Municipal Corporation, Utah
Statement of Activities
For the Fiscal Year Ended June 30, 2018

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue | \$ (28,540,552) | \$ (441,124) | \$ (28,981,676) |
| General revenues: | | | |
| Property tax, levied for general purposes | 14,686,693 | - | 14,686,693 |
| Property tax, levied for debt service | 6,432,184 | - | 6,432,184 |
| General sales and use tax | 5,915,331 | 5,617,865 | 11,533,196 |
| Franchise tax | 3,147,847 | - | 3,147,847 |
| Resort tax | 14,491,767 | - | 14,491,767 |
| Investment earnings | 1,122,856 | 372,627 | 1,495,483 |
| Miscellaneous | 1,776,504 | 475,021 | 2,251,525 |
| Transfers | 715,000 | (715,000) | - |
| | | | |
| Total general revenues and transfers | <u>48,288,182</u> | <u>5,750,513</u> | <u>54,038,695</u> |
| | | | |
| Change in net position | <u>19,747,630</u> | <u>5,309,389</u> | <u>25,057,019</u> |
| | | | |
| Net position—beginning | 214,841,303 | 117,759,368 | 332,600,671 |
| Adjustment | <u>7,142,027</u> | <u>(209,933)</u> | <u>6,932,094</u> |
| Net position—beginning, as adjusted | <u>221,983,330</u> | <u>117,549,435</u> | <u>339,532,765</u> |
| | | | |
| Net position—end of year | <u>\$ 241,730,960</u> | <u>\$ 122,858,824</u> | <u>\$ 364,589,784</u> |

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

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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, and 2017 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 and 2017 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, Utah
Balance Sheet
Governmental Funds
June 30, 2018

| | General | Debt Service -Sales Tax Revenue and Refunding | Debt Service - Park City General Obligation | Capital Projects - Capital Improvements Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---|---|--|-----------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash, cash equivalents and investments | \$ 8,061,742 | \$ 1,186,364 | \$ 671,106 | \$ 33,572,974 | \$ 6,350,403 | \$ 49,842,589 |
| Restricted cash, cash equivalents and investments, fiscal agent | - | 6,210,583 | 1,360 | - | - | 6,211,943 |
| Restricted cash, cash equivalents and investments, other | - | - | - | 6,604,245 | - | 6,604,245 |
| Receivables | | | | | | |
| Taxes | 11,744,936 | - | 6,021,374 | 678,249 | 4,158,120 | 22,602,679 |
| Accounts | 175,599 | - | - | 781,927 | 1,027 | 958,553 |
| Notes | - | - | - | 1,273,106 | - | 1,273,106 |
| Interfund loan | 86,867 | - | - | - | - | 86,867 |
| Other assets | 50,719 | - | - | - | - | 50,719 |
| Building held for resale | - | - | - | 166,096 | - | 166,096 |
| Total assets | <u>\$ 20,119,863</u> | <u>\$ 7,396,947</u> | <u>\$ 6,693,840</u> | <u>\$ 43,076,597</u> | <u>\$ 10,509,550</u> | <u>\$ 87,796,797</u> |
| Liabilities | | | | | | |
| Accounts payable | \$ 1,164,803 | \$ - | \$ 1,000 | \$ 684,953 | \$ 249,529 | \$ 2,100,285 |
| Accrued liabilities | 1,058,852 | - | - | - | - | 1,058,852 |
| Total liabilities | <u>2,223,655</u> | <u>-</u> | <u>1,000</u> | <u>684,953</u> | <u>249,529</u> | <u>3,159,137</u> |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue-property tax | 9,883,951 | - | 6,021,374 | - | 4,140,987 | 20,046,312 |
| Unavailable revenue-notes | 86,867 | - | - | 1,439,202 | - | 1,526,069 |
| Total deferred inflows of resources | <u>9,970,818</u> | <u>-</u> | <u>6,021,374</u> | <u>1,439,202</u> | <u>4,140,987</u> | <u>21,572,381</u> |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Interfund loan | 86,867 | - | - | - | - | 86,867 |
| Inventory | 50,719 | - | - | - | - | 50,719 |
| Restricted: | | | | | | |
| Capital projects | - | 6,200,043 | - | 6,604,245 | - | 12,804,288 |
| Debt service | - | 10,540 | 1,360 | - | - | 11,900 |
| Drug and tobacco enforcement | 57,571 | - | - | - | - | 57,571 |
| Committed: | | | | | | |
| Capital projects funds | - | - | - | 34,348,197 | 4,527,699 | 38,875,896 |
| Debt service funds | - | 1,186,364 | 670,106 | - | - | 1,856,470 |
| Special revenue funds | - | - | - | - | 1,591,335 | 1,591,335 |
| Unassigned | 7,730,233 | - | - | - | - | 7,730,233 |
| Total fund balances | <u>7,925,390</u> | <u>7,396,947</u> | <u>671,466</u> | <u>40,952,442</u> | <u>6,119,034</u> | <u>63,065,279</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 20,119,863</u> | <u>\$ 7,396,947</u> | <u>\$ 6,693,840</u> | <u>\$ 43,076,597</u> | <u>\$ 10,509,550</u> | <u>\$ 87,796,797</u> |

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

Park City Municipal Corporation, Utah
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

| | | |
|--|--------------|-----------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | | \$ 63,065,279 |
| Amounts reported for <i>governmental activities</i> in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. | | 279,139,070 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | |
| Taxes receivable | \$ 868,531 | |
| Interest receivable | 27,619 | |
| Net pension asset | 3,365 | 899,515 |
| 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. | | 1,889,356 |
| Certain items not accounted for as unavailable under accrual accounting. | | 1,359,973 |
| 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 | (802,885) | |
| Revenue bonds | (48,015,000) | |
| General obligation bonds | (42,390,000) | |
| Deferred bond premiums and discounts | (6,872,199) | |
| Deferred gain on debt refunding | (217,783) | |
| Accrued interest on the bonds | (582,560) | |
| Net pension liability | (5,420,564) | (104,300,991) |
| 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 | 5,014,726 | |
| Deferred inflows of resources related to pensions | (4,063,968) | 950,758 |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | \$ 241,730,960 |

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

Park City Municipal Corporation, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | General | Debt Service - Sales Tax Revenue and Refunding | Debt Service - Park City General Obligation | Capital Improvements Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|---|--|---------------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | | |
| Taxes and special assessments | \$ 27,071,434 | \$ - | \$ 6,432,184 | \$ 7,159,183 | \$ 929,542 | \$ 41,592,343 |
| Licenses and permits | 3,390,668 | - | - | - | - | 3,390,668 |
| Intergovernmental | 149,575 | - | - | 2,953,385 | 3,111,945 | 6,214,905 |
| Charges for services | 2,225,204 | - | - | - | - | 2,225,204 |
| Fines and forfeitures | 35,327 | - | - | - | - | 35,327 |
| Investment income | 256,814 | 195,670 | 1,729 | 604,765 | 63,878 | 1,122,856 |
| Impact fees | - | - | - | 432,381 | - | 432,381 |
| Rental and other | 1,435,524 | - | 53,766 | 1,007,073 | - | 2,496,363 |
| Total revenues | 34,564,546 | 195,670 | 6,487,679 | 12,156,787 | 4,105,365 | 57,510,047 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 16,235,727 | - | - | - | - | 16,235,727 |
| Public safety | 6,392,525 | - | - | - | - | 6,392,525 |
| Public works | 5,648,653 | - | - | - | - | 5,648,653 |
| Library and recreation | 4,237,835 | - | - | - | - | 4,237,835 |
| Capital outlay | - | - | - | 35,795,556 | 3,257,196 | 39,052,752 |
| Economic development | - | - | - | - | 870,588 | 870,588 |
| Debt service | | | | | | |
| Principal | - | 3,680,000 | 4,945,000 | - | - | 8,625,000 |
| Interest | - | 1,351,082 | 1,475,934 | - | - | 2,827,016 |
| Bond issuance costs | - | 223,553 | - | - | - | 223,553 |
| Total expenditures | 32,514,740 | 5,254,635 | 6,420,934 | 35,795,556 | 4,127,784 | 84,113,649 |
| (Deficiency) of revenues (under) expenditures | 2,049,806 | (5,058,965) | 66,745 | (23,638,769) | (22,419) | (26,603,602) |
| Other financing sources (uses) | | | | | | |
| Debt issuance | - | 31,940,000 | - | - | - | 31,940,000 |
| Premium on debt issuance | - | 3,287,871 | - | - | - | 3,287,871 |
| Sale of capital assets | - | - | - | 3,490,905 | 2,062,889 | 5,553,794 |
| Transfers in | 2,577,182 | 5,027,357 | - | 33,203,271 | 3,466,825 | 44,274,635 |
| Transfers out | (4,258,549) | (30,203,248) | - | (3,352,716) | (3,907,940) | (41,722,453) |
| Total other financing sources (uses) | (1,681,367) | 10,051,980 | - | 33,341,460 | 1,621,774 | 43,333,847 |
| Change in fund balances | 368,439 | 4,993,015 | 66,745 | 9,702,691 | 1,599,355 | 16,730,245 |
| Fund balances - beginning | 7,556,951 | 2,403,932 | 604,721 | 31,249,751 | 4,519,679 | 46,335,034 |
| Fund balances - ending | \$ 7,925,390 | \$ 7,396,947 | \$ 671,466 | \$ 40,952,442 | \$ 6,119,034 | \$ 63,065,279 |

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Change in fund balances—total governmental funds \$ 16,730,245

Amounts reported for *governmental activities* in the statement of activities 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 | \$ 37,189,574 | |
| Depreciation expense | <u>(6,373,096)</u> | 30,816,478 |

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. (6,928,715)

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 | 6,087,000 | |
| Taxes receivable | (2,760) | |
| Interest receivable | (487) | |
| Unavailable revenue | <u>(557,035)</u> | 5,526,718 |

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 | (31,940,000) | |
| Principal repayments on long-term debt | 8,625,000 | |
| Capitalization of premiums and discounts | (3,287,871) | |
| Amortization of bond premiums and discounts | <u>630,876</u> | (25,971,995) |

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. (344,583)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

| | | |
|--------------------------------------|--------------------|-----------|
| Pension contributions | 2,291,926 | |
| Actuarial calculated pension expense | <u>(2,610,901)</u> | (318,975) |

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 \$411,391 less amount allocated to business-type activities of \$156,260 and reversal of prior year allocation of (\$15,458). 238,457

Change in net position of governmental activities \$ 19,747,630

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

Park City Municipal Corporation, Utah
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes | | | | |
| General property tax | \$ 10,893,035 | \$ 10,153,755 | \$ 9,844,538 | \$ (309,217) |
| Delinquent taxes | 597,000 | 597,000 | 831,134 | 234,134 |
| General sales and use taxes | 5,715,214 | 8,546,000 | 5,915,331 | (2,630,669) |
| Franchise taxes | 3,351,000 | 3,258,000 | 3,147,847 | (110,153) |
| Resort taxes | 5,342,231 | 5,049,000 | 7,332,584 | 2,283,584 |
| Licenses and permits | | | | |
| Business licenses | 504,000 | 503,000 | 431,744 | (71,256) |
| Building permits | 1,470,000 | 1,734,000 | 1,788,275 | 54,275 |
| Plan application fees | 182,000 | 222,000 | 138,399 | (83,601) |
| Building fees | 743,000 | 866,000 | 973,279 | 107,279 |
| Other | 133,200 | 109,000 | 58,971 | (50,029) |
| Intergovernmental | | | | |
| Federal contribution | 33,000 | 86,000 | 69,637 | (16,363) |
| State liquor allotment | 43,000 | 76,000 | 59,018 | (16,982) |
| State contributions | 60,000 | 15,800 | 3,920 | (11,880) |
| County contributions | 2,000 | 21,000 | 17,000 | (4,000) |
| Charges for services | | | | |
| Recreational service fees | 2,217,500 | 2,153,000 | 2,138,548 | (14,452) |
| Reimbursable services | 90,000 | 81,000 | 57,470 | (23,530) |
| Cemetery fees and plot sales | 21,900 | 34,000 | 27,480 | (6,520) |
| Miscellaneous services | 1,500 | 2,000 | 1,706 | (294) |
| Fines and forfeitures | 15,000 | 29,000 | 35,327 | 6,327 |
| Miscellaneous | 912,500 | 1,302,237 | 1,435,524 | 133,287 |
| Investment income | 77,800 | 137,000 | 256,814 | 119,814 |
| Total revenues | <u>32,404,880</u> | <u>34,974,792</u> | <u>34,564,546</u> | <u>(410,246)</u> |
| Expenditures: | | | | |
| General government | 16,057,284 | 17,161,607 | 16,235,727 | 925,880 |
| Public safety | 6,291,945 | 6,562,488 | 6,392,525 | 169,963 |
| Public works | 5,874,784 | 5,768,034 | 5,648,653 | 119,381 |
| Library and recreation | 4,229,526 | 4,359,515 | 4,237,835 | 121,680 |
| Total expenditures | <u>32,453,539</u> | <u>33,851,644</u> | <u>32,514,740</u> | <u>1,336,904</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(48,659)</u> | <u>1,123,148</u> | <u>2,049,806</u> | <u>926,658</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 2,577,182 | 2,577,182 | 2,577,182 | - |
| Transfers out | (1,258,526) | (4,258,549) | (4,258,549) | - |
| Total other financing sources (uses) | <u>1,318,656</u> | <u>(1,681,367)</u> | <u>(1,681,367)</u> | <u>-</u> |
| Change in fund balance | 1,269,997 | (558,219) | 368,439 | 926,658 |
| Fund balance - beginning | 7,034,969 | 7,488,866 | 7,556,951 | 68,085 |
| Fund balance - ending | <u>\$ 8,304,966</u> | <u>\$ 6,930,647</u> | <u>\$ 7,925,390</u> | <u>\$ 994,743</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, Utah
Statement of Net Position
Proprietary Funds
June 30, 2018

| | Business-type Activities-Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|---|--|----------------------------|--|---------------------------------|---------------------------------------|--|
| | Water Fund | Stormwater Fund | Transportation and Parking Fund | Golf Course Fund | Total Enterprise Funds | |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash, cash equivalents and investments | \$ 5,564,832 | \$ 509,480 | \$ 7,552,217 | \$ 637,749 | \$ 14,264,278 | \$ 2,528,334 |
| Restricted cash and cash equivalents, fiscal agent | 5,186,969 | - | - | - | 5,186,969 | - |
| Taxes receivable | - | - | 538,782 | - | 538,782 | - |
| Accounts receivable | 2,463,046 | 143,843 | 5,380,480 | - | 7,987,369 | 97,263 |
| Inventories | 392,398 | - | 8,500 | 99,179 | 500,077 | 243,570 |
| Prepays | - | - | 1,263,338 | 162 | 1,263,500 | - |
| Total current assets | <u>13,607,245</u> | <u>653,323</u> | <u>14,743,317</u> | <u>737,090</u> | <u>29,740,975</u> | <u>2,869,167</u> |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Land and water rights | 17,693,589 | - | 3,723,149 | 828,451 | 22,245,189 | - |
| Buildings | 480,000 | - | 20,909,159 | 1,671,487 | 23,060,646 | - |
| Improvements other than buildings | 87,414,999 | 15,410,296 | 6,891,237 | 1,728,630 | 111,445,162 | - |
| Art | - | - | 109,214 | - | 109,214 | - |
| Vehicles and equipment | 9,531,190 | 417,335 | 21,119,123 | 1,523,153 | 32,590,801 | 47,450 |
| Construction in progress | 13,596,744 | - | 586,034 | - | 14,182,778 | - |
| Intangible | 27,810 | - | 58,645 | - | 86,455 | - |
| Accumulated depreciation and amortization | (41,991,498) | (7,850,851) | (17,027,190) | (3,236,388) | (70,105,927) | (47,450) |
| Total capital assets (net of accumulated depreciation and amortization) | <u>86,752,834</u> | <u>7,976,780</u> | <u>36,369,371</u> | <u>2,515,333</u> | <u>133,614,318</u> | <u>-</u> |
| Total assets | <u>100,360,079</u> | <u>8,630,103</u> | <u>51,112,688</u> | <u>3,252,423</u> | <u>163,355,293</u> | <u>2,869,167</u> |
| Deferred outflows of resources related to pensions | | | | | | |
| | <u>658,736</u> | <u>144,831</u> | <u>1,134,911</u> | <u>112,833</u> | <u>2,051,311</u> | <u>269,680</u> |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 1,948,021 | 19,444 | 786,397 | 117,121 | 2,870,983 | 423,915 |
| Accrued liabilities | 112,253 | 6,353 | 100,045 | 23,297 | 241,948 | 10,426 |
| Current portion of long-term debt | | | | | | |
| Interfund loan | - | - | - | 32,377 | 32,377 | - |
| Compensated absences | 61,106 | 9,983 | 93,283 | 7,251 | 171,623 | 11,232 |
| Revenue bonds | 3,255,000 | - | - | - | 3,255,000 | - |
| Total current liabilities | <u>5,376,380</u> | <u>35,780</u> | <u>979,725</u> | <u>180,046</u> | <u>6,571,931</u> | <u>445,573</u> |
| Noncurrent liabilities: | | | | | | |
| Interfund loan | - | - | - | 54,490 | 54,490 | - |
| Compensated absences | 38,989 | 17,845 | 104,236 | 18,246 | 179,316 | 60,040 |
| Revenue bonds | 32,164,397 | - | - | - | 32,164,397 | - |
| Net pension liability | 717,227 | 142,810 | 1,119,337 | 107,932 | 2,087,306 | 272,364 |
| Total noncurrent liabilities | <u>32,920,613</u> | <u>160,655</u> | <u>1,223,573</u> | <u>180,668</u> | <u>34,485,509</u> | <u>332,404</u> |
| Total liabilities | <u>38,296,993</u> | <u>196,435</u> | <u>2,203,298</u> | <u>360,714</u> | <u>41,057,440</u> | <u>777,977</u> |
| Deferred inflows of resources related to pensions | | | | | | |
| | <u>552,361</u> | <u>148,821</u> | <u>804,429</u> | <u>137,649</u> | <u>1,643,260</u> | <u>318,594</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 57,395,272 | 7,976,780 | 36,369,371 | 2,515,333 | 104,256,756 | - |
| Restricted for debt service | 5,186,969 | - | - | - | 5,186,969 | - |
| Unrestricted | (412,780) | 452,898 | 12,870,501 | 351,560 | 13,262,179 | 2,042,276 |
| Total net position | <u>\$ 62,169,461</u> | <u>\$ 8,429,678</u> | <u>\$ 49,239,872</u> | <u>\$ 2,866,893</u> | <u>\$ 122,705,904</u> | <u>\$ 2,042,276</u> |

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Net Position of the Proprietary Funds
to the Statement of Net Position
June 30, 2018

| | |
|---|------------------------------|
| TOTAL NET POSITION - PROPRIETARY FUNDS | \$ 122,705,904 |
| Amounts reported for business-type activities in the statement of net position are different because: | |
| Certain internal service fund assets and liabilities are included with business-type activities. | <u>152,920</u> |
| Total net position - business-type activities | <u><u>\$ 122,858,824</u></u> |

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

Park City Municipal Corporation, Utah
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

| | Business-type Activities-Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|---|--|----------------------------|--|---------------------------------|---------------------------------------|--|
| | Water Fund | Stormwater Fund | Transportation and Parking Fund | Golf Course Fund | Total Enterprise Funds | |
| Operating revenues | | | | | | |
| Charges for services | \$ 17,924,616 | \$ 1,277,767 | \$ 9,789,087 | \$ 1,203,560 | \$ 30,195,030 | \$ 3,725,556 |
| Miscellaneous | - | - | - | 308,748 | 308,748 | - |
| Total operating revenues | <u>17,924,616</u> | <u>1,277,767</u> | <u>9,789,087</u> | <u>1,512,308</u> | <u>30,503,778</u> | <u>3,725,556</u> |
| Operating expenses | | | | | | |
| Salaries and benefits | 2,807,730 | 590,138 | 8,582,001 | 772,392 | 12,752,261 | 979,286 |
| Supplies, maintenance and services | 4,243,306 | 99,788 | 6,512,207 | 580,987 | 11,436,288 | 1,509,853 |
| Energy and utilities | 956,097 | 28,180 | 903,334 | 60,108 | 1,947,719 | 829,582 |
| Depreciation and amortization | 3,446,940 | 153,452 | 2,639,670 | 223,764 | 6,463,826 | - |
| Total operating expenses | <u>11,454,073</u> | <u>871,558</u> | <u>18,637,212</u> | <u>1,637,251</u> | <u>32,600,094</u> | <u>3,318,721</u> |
| Operating income (loss) | <u>6,470,543</u> | <u>406,209</u> | <u>(8,848,125)</u> | <u>(124,943)</u> | <u>(2,096,316)</u> | <u>406,835</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Intergovernmental | - | - | 379,071 | - | 379,071 | - |
| Transit and resort sales tax | - | - | 5,617,865 | - | 5,617,865 | - |
| Investment income | 208,887 | 6,481 | 148,002 | 9,257 | 372,627 | - |
| Interest expense | (1,130,644) | - | - | (1,810) | (1,132,454) | - |
| Miscellaneous | 166,273 | - | - | - | 166,273 | - |
| Gain on sale of capital assets | 7,088 | - | 11,345 | - | 18,433 | - |
| Total nonoperating revenues (expenses) | <u>(748,396)</u> | <u>6,481</u> | <u>6,156,283</u> | <u>7,447</u> | <u>5,421,815</u> | <u>-</u> |
| Income (loss) before contributions and transfers | <u>5,722,147</u> | <u>412,690</u> | <u>(2,691,842)</u> | <u>(117,496)</u> | <u>3,325,499</u> | <u>406,835</u> |
| Capital contributions | 1,255,340 | - | 3,112,354 | - | 4,367,694 | - |
| Transfers in | - | - | - | 25,000 | 25,000 | - |
| Transfers out | (1,493,450) | (50,000) | (931,966) | (101,766) | (2,577,182) | - |
| Change in net position | <u>5,484,037</u> | <u>362,690</u> | <u>(511,454)</u> | <u>(194,262)</u> | <u>5,141,011</u> | <u>406,835</u> |
| Net position - beginning | 56,884,665 | 8,066,988 | 49,762,018 | 3,061,155 | 117,774,826 | 1,795,720 |
| Adjustment | (199,241) | - | (10,692) | - | (209,933) | (160,279) |
| Net position - beginning, as adjusted | <u>56,685,424</u> | <u>8,066,988</u> | <u>49,751,326</u> | <u>3,061,155</u> | <u>117,564,893</u> | <u>1,635,441</u> |
| Net position - ending | <u>\$ 62,169,461</u> | <u>\$ 8,429,678</u> | <u>\$ 49,239,872</u> | <u>\$ 2,866,893</u> | <u>\$ 122,705,904</u> | <u>\$ 2,042,276</u> |

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

Park City Municipal Corporation, Utah
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Position
to the Statement of Activities
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

| | |
|---|---------------------|
| CHANGE IN NET POSITION - PROPRIETARY FUNDS | \$ 5,141,011 |
|---|---------------------|

Amounts reported for business-type 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 \$411,391 less amount allocated to governmental activities of \$255,131 and reversal of prior year allocation of \$15,458.

| | |
|--|---------|
| | 168,378 |
|--|---------|

| | |
|---|---------------------|
| Change in net position of business-type activities | \$ 5,309,389 |
|---|---------------------|

| | |
|--|--------------|
| | \$ 5,309,389 |
|--|--------------|

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

Park City Municipal Corporation, Utah
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

| | <u>Business-type Activities-Enterprise Funds</u> | | | | | Governmental Activities- Internal Service Funds |
|--|--|----------------------------|--|---------------------------------|---------------------------------------|--|
| | <u>Water Fund</u> | <u>Stormwater Fund</u> | <u>Transportation and Parking Fund</u> | <u>Golf Course Fund</u> | <u>Total Enterprise Funds</u> | |
| Cash flows from operating activities | | | | | | |
| Receipts from customers | \$ 16,936,414 | \$ 1,250,136 | \$ 8,054,341 | \$ 1,514,308 | \$ 27,755,199 | \$ 3,731,287 |
| Payments to suppliers | (4,933,981) | (122,191) | (12,708,389) | (611,331) | (18,375,892) | (2,552,050) |
| Payments to employees | (2,881,527) | (626,845) | (8,472,028) | (791,451) | (12,771,851) | (1,004,959) |
| Net cash provided by (used in) operating activities | <u>9,120,906</u> | <u>501,100</u> | <u>(13,126,076)</u> | <u>111,526</u> | <u>(3,392,544)</u> | <u>174,278</u> |
| Cash flows from noncapital financing activities | | | | | | |
| Transfers from other funds | - | - | - | 25,000 | 25,000 | - |
| Transfers to other funds | (778,450) | (50,000) | (931,966) | (101,766) | (1,862,182) | - |
| Transit and resort sales tax | - | - | 5,493,726 | - | 5,493,726 | - |
| Net cash provided by (used in) noncapital financing activities | <u>(778,450)</u> | <u>(50,000)</u> | <u>4,561,760</u> | <u>(76,766)</u> | <u>3,656,544</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | | | |
| Impact fees, contributions and grants | 1,255,340 | - | 9,203,169 | - | 10,458,509 | - |
| Acquisition and construction of capital assets | (9,097,715) | (54,379) | (7,852,379) | (12,800) | (17,017,273) | - |
| Principal paid on capital debt and interfund loan | (3,115,000) | - | - | (30,566) | (3,145,566) | - |
| Interest paid on capital debt and interfund loan | (1,394,003) | - | - | (1,811) | (1,395,814) | - |
| Proceeds from sales of capital assets | - | - | 11,345 | - | 11,345 | - |
| Federal subsidy on capital debt | 166,274 | - | - | - | 166,274 | - |
| Net cash (used in) capital and related financing activities | <u>(12,185,104)</u> | <u>(54,379)</u> | <u>1,362,135</u> | <u>(45,177)</u> | <u>(10,922,525)</u> | <u>-</u> |
| Cash flows from investing activities | | | | | | |
| Interest received on investments | 209,485 | 6,364 | 149,087 | 9,234 | 374,170 | - |
| Net cash provided by investing activities | <u>209,485</u> | <u>6,364</u> | <u>149,087</u> | <u>9,234</u> | <u>374,170</u> | <u>-</u> |
| Net increase (decrease) in cash, cash equivalents | <u>(3,633,163)</u> | <u>403,085</u> | <u>(7,053,094)</u> | <u>(1,183)</u> | <u>(10,284,355)</u> | <u>174,278</u> |
| Balances—beginning of the year | <u>14,384,964</u> | <u>106,395</u> | <u>14,605,311</u> | <u>638,932</u> | <u>29,735,602</u> | <u>2,354,056</u> |
| Balances—end of the year | <u>\$ 10,751,801</u> | <u>\$ 509,480</u> | <u>\$ 7,552,217</u> | <u>\$ 637,749</u> | <u>\$ 19,451,247</u> | <u>\$ 2,528,334</u> |
| Reconciliation to statement of net assets: | | | | | | |
| Cash, cash equivalents | \$ 5,564,832 | \$ 509,480 | \$ 7,552,217 | \$ 637,749 | \$ 14,264,278 | \$ 2,528,334 |
| Cash, cash equivalents held by fiscal agent | 5,186,969 | - | - | - | 5,186,969 | - |
| Total cash, cash equivalents | <u>\$ 10,751,801</u> | <u>\$ 509,480</u> | <u>\$ 7,552,217</u> | <u>\$ 637,749</u> | <u>\$ 19,451,247</u> | <u>\$ 2,528,334</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ 6,470,543 | \$ 406,209 | \$ (8,848,125) | \$ (124,943) | \$ (2,096,316) | \$ 406,835 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization expense | 3,446,940 | 153,452 | 2,639,670 | 223,764 | 6,463,826 | - |
| Non-cash water interfund transfer to general fund | (715,000) | - | - | - | (715,000) | - |
| Change in assets and liabilities: | | | | | | |
| Receivables, net | (273,202) | (27,631) | (1,734,746) | 2,000 | (2,033,579) | 5,731 |
| Inventories | (71,261) | - | 13,063 | (8,331) | (66,529) | (51,290) |
| Accounts and other payables | 352,107 | (2,229) | (5,335,040) | 41,259 | (4,943,903) | (164,143) |
| Accrued expenses | (89,221) | (28,701) | 139,102 | (22,223) | (1,043) | (22,855) |
| Net cash provided by (used in) operating activities | <u>\$ 9,120,906</u> | <u>\$ 501,100</u> | <u>\$ (13,126,076)</u> | <u>\$ 111,526</u> | <u>\$ (3,392,544)</u> | <u>\$ 174,278</u> |

Noncash investing, capital and financing activities:

Included in investment income is an increase of \$33,782 in fair value for the year ended June 30, 2018.

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, Utah
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | <u>Custodial Funds</u> |
|--|-----------------------------------|
| ASSETS | |
| Cash, cash equivalents and investments | \$ 2,368,500 |
| Total assets | <u><u>\$ 2,368,500</u></u> |
| LIABILITIES | |
| Accounts payable and other liabilities | - |
| Total liabilities | <u><u>\$ -</u></u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations, and other governments | 2,368,500 |
| Total net position | <u><u>\$ 2,368,500</u></u> |

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

Park City Municipal Corporation, Utah
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

| | Custodial Funds |
|--|----------------------------|
| ADDITIONS | |
| Contributions from individuals, organizations, and other governments | \$ 808,988 |
| Total additions | 808,988 |
| DEDUCTIONS | |
| Refunds to individuals, organizations, and other governments | 497,642 |
| Total deductions | 497,642 |
| Net increase (decrease) in fiduciary net position | 311,346 |
| Net position - beginning | 2,057,154 |
| Net position - ending | \$ 2,368,500 |

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

**NOTES
TO THE
FINANCIAL
STATEMENTS**

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government and 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, water, 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, 2018

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,

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 on page 83-84 of this report.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Cash, Cash Equivalents and Investments - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B on pages 52-56 of this report). The City complies with GASB 72, *Fair Value Measurement and Application*. The statement requires certain investments to be reported at fair value and the change in fair value to be recognized as an increase or decrease to investment assets and investment income. The City's investment in the State Treasurer's Pool has a fair value approximately equal to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

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

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Inventories and prepaid items - Inventories of supplies for the proprietary fund types consist principally of items used in repairing and maintaining the water distribution system and transportation equipment. Supplies inventories are valued at cost using the weighted average method. Inventory held for retail sale in the Golf 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, 2018 for governmental activities were \$6,872,199 and \$969,397 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 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Deferred Outflows of Resources or Deferred Inflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. 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, 2018 and classified fund balances into the following five categories:

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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. The "reserve fund" account with a balance at June 30, 2018 of \$5,186,969 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 2004 and 2013A Series General Obligation Bonds in the amount of \$4,961,792 are classified as restricted assets as well as impact fees of \$1,430,759 and B and C road funds of \$211,694. 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, 2018 of \$1,360 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Proceeds of the City's 2015 and 2017 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, 2018 of \$6,200,043 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, 2018 of \$10,540 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.

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 22, the City Council reviews and adjusts the City Manager's proposed budget. On or before June 22, 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 \$1,398,105 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 \$34,348,197 and non-major capital project fund budgets included \$4,527,699 for a total of \$38,875,896 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.

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. The City is currently evaluating the impact of this Statement on the financial statements when implemented.

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 March 2017 the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Implementation of this Statement did not have a significant impact on the City's financial statements.

In May 2017 the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishment of debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2018

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, 2018:

| | 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 | \$ 52,370,923 | \$ 14,264,278 | \$ 66,635,201 | \$ 2,368,500 | \$ 69,003,701 |
| Held by city-restricted | 6,604,245 | - | 6,604,245 | - | 6,604,245 |
| Total held by city | <u>\$ 58,975,168</u> | <u>\$ 14,264,278</u> | <u>\$ 73,239,446</u> | <u>\$ 2,368,500</u> | <u>\$ 75,607,946</u> |
| Held by fiscal agent | <u>\$ 6,211,943</u> | <u>\$ 5,186,969</u> | <u>\$ 11,398,912</u> | <u>\$ -</u> | <u>\$ 11,398,912</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

As of June 30, 2018, the City had the following deposits and investments, including \$2,368,500 held in a custodial capacity for others:

Held by city:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investments maturities</u> | |
|--|-------------------|-------------------------------|---------------------|
| | | <u>1 year or less</u> | <u>1-5 years</u> |
| Debt securities | | | |
| Federal National Mortgage Association | \$ 790,115 | \$ 443,044 | \$ 347,071 |
| Federal Home Loan Mortgage Corporation | 2,045,143 | 1,895,644 | 149,499 |
| Federal Home Loan Bank | 242,178 | 242,178 | - |
| Corporate Bonds | 2,237,164 | 934,065 | 1,303,099 |
| | <u>5,314,600</u> | <u>\$ 3,514,931</u> | <u>\$ 1,799,669</u> |
| Other investments | | | |
| State treasurer's investment pool | <u>68,591,250</u> | <u>\$ 68,591,250</u> | |
| Total investments | <u>73,905,850</u> | | |

Deposits

| | |
|--|-------------------|
| Cash deposits checking-net of outstanding checks | 967,970 |
| Cash deposits money market/savings | 724,406 |
| Cash on hand | <u>9,720</u> |
| Total deposits | <u>1,702,096</u> |
| Total cash, cash equivalents and investments held by city | <u>75,607,946</u> |

Held by fiscal agent:

| | |
|--|----------------------|
| State treasurer's investment pool | <u>11,398,912</u> |
| Total cash, cash equivalents and investments | <u>\$ 87,006,858</u> |

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, 2018, the City’s deposits had a carrying value of \$1,692,376 and a bank balance of \$2,066,820. 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, 2018

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, 2018 the City had the following recurring fair value measurements.

| <u>Investments by fair value level</u> | <u>Fair Value Measurements Using</u> | | | |
|---|--------------------------------------|---------------------|----------------------|----------------|
| | <u>June 30, 2018</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Debt securities | | | | |
| Federal National Mortgage Association | \$ 790,115 | \$ 790,115 | \$ - | \$ - |
| Federal Home Loan Mortgage Corporation | 2,045,143 | 2,045,143 | - | - |
| Federal Home Loan Bank | 242,178 | 242,178 | - | - |
| Corporate Bonds | 2,237,164 | 2,237,164 | - | - |
| Utah Public Treasurers' Investment Fund | 68,591,250 | - | 68,591,250 | - |
| Total debt securities | <u>\$ 73,905,850</u> | <u>\$ 5,314,600</u> | <u>\$ 68,591,250</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, 2018 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 \$5,314,600 at June 30, 2018, the City uses a qualified depository bank for safekeeping securities

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

for the purpose of settling investment transactions, safekeeping, and collecting those investments. These 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, 2018, are shown in the table below:

| | Fair Value | Quality Ratings | | |
|--|------------|-----------------|---------|-----------|
| | | AAA | AA | A |
| <u>Primary government:</u> | | | | |
| Debt securities | | | | |
| Federal National Mortgage Association | \$ 790,115 | \$ 790,115 | \$ - | \$ - |
| Federal Home Loan Mortgage Corporation | 2,045,143 | 2,045,143 | - | - |
| Federal Home Loan Bank | 242,178 | 242,178 | - | - |
| Corporate Bonds | 2,237,164 | - | 852,338 | 1,384,826 |

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

Auditor. Pool 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, 2018 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, 2018:

| <u>Fiscal year ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------|---------------------|-----------------|---------------------|
| 2019 | 749,703 | 1,365 | 751,068 |
| 2020 | 504,944 | 1,124 | 506,068 |
| 2021 | 5,197 | 871 | 6,068 |
| 2022 | 5,463 | 605 | 6,068 |
| 2023 | 3,348 | 364 | 3,712 |
| 2024 - 2032 | 4,451 | 264 | 4,715 |
| Total | \$ <u>1,273,106</u> | \$ <u>4,593</u> | \$ <u>1,277,699</u> |

NOTE D – CAPITAL ASSETS

Depreciation expense was charged to functions for the year ended June 30, 2018 as follows:

Governmental activities:

| | |
|--|---------------------|
| General government | \$ 2,955,602 |
| Public safety | 350,514 |
| Public works | 1,563,182 |
| Library and recreation | 1,503,798 |
| Total governmental activities depreciation expense | \$ <u>6,373,096</u> |

Business-type activities:

| | |
|---|---------------------|
| Water | \$ 3,446,941 |
| Stormwater | 153,452 |
| Transportation and parking | 2,639,669 |
| Golf course | 223,764 |
| Total business-type activities depreciation expense | \$ <u>6,463,826</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE D – CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2018 was as follows:

| | Balance June 30, 2017* | Additions | Deletions | Balance June 30, 2018 |
|--|---------------------------|----------------------|-----------------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and water rights | \$ 155,782,778 | \$ 24,292,978 | \$ (2,250,375) | \$ 177,825,381 |
| Construction in progress | 5,587,187 | 9,721,758 | (1,488,060) | 13,820,885 |
| Art | 718,619 | 11,500 | - | 730,119 |
| Total capital assets, not being depreciated | <u>162,088,584</u> | <u>34,026,236</u> | <u>(3,738,435)</u> | <u>192,376,385</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 43,331,026 | 6,483,193 | (4,530,461) | 45,283,758 |
| Improvements other than building | 41,091,811 | 349,976 | - | 41,441,787 |
| Vehicles and equipment | 12,800,980 | 1,179,258 | (583,148) | 13,397,090 |
| Infrastructure | 114,624,638 | 23,975 | - | 114,648,613 |
| Intangibles | 5,902,535 | 2,701,996 | - | 8,604,531 |
| Total capital assets, being depreciated | <u>217,750,990</u> | <u>10,738,398</u> | <u>(5,113,609)</u> | <u>223,375,779</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (13,749,488) | (1,265,846) | 5,295 | (15,010,039) |
| Improvements other than building | (20,298,789) | (1,335,528) | - | (21,634,317) |
| Vehicles and equipment | (7,330,455) | (1,221,626) | 429,974 | (8,122,107) |
| Infrastructure | (88,964,213) | (2,523,053) | - | (91,487,266) |
| Intangibles | (332,322) | (27,043) | - | (359,365) |
| Total accumulated depreciation | <u>(130,675,267)</u> | <u>(6,373,096)</u> | <u>435,269</u> | <u>(136,613,094)</u> |
| Total capital assets, being depreciated, net | <u>87,075,723</u> | <u>4,365,302</u> | <u>(4,678,340)</u> | <u>86,762,685</u> |
| Governmental activities capital assets, net | <u>\$ 249,164,307</u> | <u>\$ 38,391,538</u> | <u>\$ (8,416,775)</u> | <u>\$ 279,139,070</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and water rights | \$ 22,245,189 | \$ - | \$ - | \$ 22,245,189 |
| Construction in progress | 6,686,007 | 8,782,756 | (1,285,985) | 14,182,778 |
| Art | 109,214 | - | - | 109,214 |
| Total capital assets, not being depreciated | <u>29,040,410</u> | <u>8,782,756</u> | <u>(1,285,985)</u> | <u>36,537,181</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 20,738,202 | 2,322,444 | - | 23,060,646 |
| Improvements other than building | 107,105,642 | 4,339,520 | - | 111,445,162 |
| Vehicles and equipment | 30,890,432 | 2,891,272 | (1,190,903) | 32,590,801 |
| Intangibles | 86,455 | - | - | 86,455 |
| Total capital assets, being depreciated | <u>158,820,731</u> | <u>9,553,236</u> | <u>(1,190,903)</u> | <u>167,183,064</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (6,561,250) | (617,352) | - | (7,178,602) |
| Improvements other than building | (45,624,128) | (3,148,002) | - | (48,772,130) |
| Vehicles and equipment | (12,451,253) | (2,686,450) | 1,042,388 | (14,095,315) |
| Intangibles | (47,858) | (12,022) | - | (59,880) |
| Total accumulated depreciation | <u>(64,684,489)</u> | <u>(6,463,826)</u> | <u>1,042,388</u> | <u>(70,105,927)</u> |
| Total capital assets, being depreciated, net | <u>94,136,242</u> | <u>3,089,410</u> | <u>(148,515)</u> | <u>97,077,137</u> |
| Business-type activities capital assets, net | <u>\$ 123,176,652</u> | <u>\$ 11,872,166</u> | <u>\$ (1,434,500)</u> | <u>\$ 133,614,318</u> |

*Beginning Balance restated, see Note R.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS

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

| | Beginning Balance July 1, 2017 | Additions | Reductions | Amortization | Ending Balance June 30, 2018 | Due Within One Year |
|---------------------------------------|--------------------------------------|----------------------|-----------------------|---------------------|---------------------------------|------------------------|
| Governmental activities: | | | | | | |
| General obligation bonds: | | | | | | |
| 2008 series-principal | \$ 5,345,000 | \$ - | \$ (670,000) | \$ - | \$ 4,675,000 | \$ 695,000 |
| 2008 series-premium/discount | 26,074 | - | - | (3,810) | 22,264 | - |
| 2009 series-principal | 6,195,000 | - | (795,000) | - | 5,400,000 | 820,000 |
| 2009 series-premium/discount | 85,996 | - | - | (12,561) | 73,435 | - |
| 2010B series-principal | 3,455,000 | - | (390,000) | - | 3,065,000 | 400,000 |
| 2010B series-premium | 46,901 | - | - | (5,977) | 40,924 | - |
| 2013A series-principal | 5,520,000 | - | (430,000) | - | 5,090,000 | 440,000 |
| 2013A series-premium | 68,523 | - | - | (6,318) | 62,205 | - |
| 2013B series-principal | 400,000 | - | (400,000) | - | - | - |
| 2013B series-premium | 9,100 | - | - | (9,100) | - | - |
| 2014 series-principal | 1,420,000 | - | (695,000) | - | 725,000 | 725,000 |
| 2014 series-premium | 63,469 | - | - | (34,526) | 28,943 | - |
| 2017 series-principal | 25,000,000 | - | (1,565,000) | - | 23,435,000 | 1,280,000 |
| 2017 series-premium | 2,850,859 | - | - | (195,264) | 2,655,595 | - |
| Total general obligation bonds | 50,485,922 | - | (4,945,000) | (267,556) | 45,273,366 | 4,360,000 |
| Revenue bonds: | | | | | | |
| Sales tax revenue bonds | | | | | | |
| 2014A refunding-principal | 4,025,000 | - | (950,000) | - | 3,075,000 | 985,000 |
| 2014A refunding-premium | 304,166 | - | - | (76,725) | 227,441 | - |
| 2014B series-principal | 5,375,000 | - | - | - | 5,375,000 | - |
| 2014B series-premium | 134,547 | - | - | (11,241) | 123,306 | - |
| 2015 series-principal | 10,355,000 | - | (655,000) | - | 9,700,000 | 665,000 |
| 2015 series-premium | 521,680 | - | - | (40,222) | 481,458 | - |
| 2017 series-principal | - | 31,940,000 | (2,075,000) | - | 29,865,000 | 1,590,000 |
| 2017 series-premium | - | 3,287,871 | - | (131,243) | 3,156,628 | - |
| Total revenue bonds | 20,715,393 | 35,227,871 | (3,680,000) | (259,431) | 52,003,833 | 3,240,000 |
| Compensated absences | 871,088 | 610,744 | (607,675) | - | 874,157 | 353,697 |
| Total governmental activities | \$ 72,072,403 | \$ 35,838,615 | \$ (9,232,675) | \$ (526,987) | \$ 98,151,356 | \$ 7,953,697 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

| | Beginning Balance July 1, 2017 | Additions | Reductions | Amortization | Ending Balance June 30, 2018 | Due Within One Year |
|----------------------------------|--------------------------------------|-------------------|-----------------------|---------------------|---------------------------------|------------------------|
| Business-type activities: | | | | | | |
| 2009A water revenue | \$ 1,625,000 | \$ - | \$ (125,000) | \$ - | \$ 1,500,000 | \$ 125,000 |
| 2009B water revenue refunding | 3,530,000 | - | (1,720,000) | - | 1,810,000 | 1,810,000 |
| 2009B water revenue-premium | 300,503 | - | - | (152,977) | 147,526 | - |
| 2009C water revenue | 10,135,000 | - | - | - | 10,135,000 | - |
| 2010 water revenue | 7,430,000 | - | (790,000) | - | 6,640,000 | 825,000 |
| 2010 water revenue-premium | 446,075 | - | - | (59,705) | 386,370 | - |
| 2012 water revenue | 3,015,000 | - | (255,000) | - | 2,760,000 | 265,000 |
| 2012 water revenue-premium | 207,440 | - | - | (20,812) | 186,628 | - |
| 2012B water revenue refunding | 5,525,000 | - | - | - | 5,525,000 | - |
| 2012B water revenue-premium | 86,313 | - | - | (8,245) | 78,068 | - |
| 2013A water revenue refunding | 2,190,000 | - | (225,000) | - | 1,965,000 | 230,000 |
| 2013A water revenue-premium | 24,781 | - | - | (2,926) | 21,855 | - |
| 2014 water revenue | 4,115,000 | - | - | - | 4,115,000 | - |
| 2014 water revenue-premium | 167,645 | - | - | (18,695) | 148,950 | - |
| Total revenue bonds | <u>38,797,757</u> | <u>-</u> | <u>(3,115,000)</u> | <u>(263,360)</u> | <u>35,419,397</u> | <u>3,255,000</u> |
| Compensated absences | <u>333,751</u> | <u>275,645</u> | <u>(258,457)</u> | <u>-</u> | <u>350,939</u> | <u>229,698</u> |
| Total business-type activities | <u>\$ 39,131,508</u> | <u>\$ 275,645</u> | <u>\$ (3,373,457)</u> | <u>\$ (263,360)</u> | <u>\$ 35,770,336</u> | <u>\$ 3,484,698</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 \$71,272 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 December 22, 2008, the City issued General Obligation Bonds Series 2008 in the amount of \$10,000,000 plus a net premium/discount of \$58,537 pursuant to a bond election held on November 7, 2006. The proceeds of the bonds were used 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.

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 \$4.0 million were issued pursuant to a bond election held on November 7, 2006 to acquire and forever preserve undeveloped park and recreational land and approximately \$7.8 million 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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

The debt service requirements for the bonds at June 30, 2018 were as follows:

| Fiscal Year Ending June 30, | Series 2008 Dated Dec. 22, 2008 \$10,000,000 @ 3.375% to 4.50% per annum paid semi- annually (Nov. & May) | | Series 2009 Dated June 16, 2009 \$13,500,000 @ 3.00% to 4.00% per annum paid semi- annually (Nov. & May) | |
|--------------------------------------|---|-------------------|--|-------------------|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| | 2019 | \$ 695,000 | \$ 197,400 | \$ 820,000 |
| 2020 | 725,000 | 169,600 | 850,000 | 173,516 |
| 2021 | 760,000 | 140,600 | 880,000 | 143,340 |
| 2022 | 795,000 | 109,250 | 915,000 | 111,220 |
| 2023 | 830,000 | 75,462 | 950,000 | 76,450 |
| 2024 | 870,000 | 39,150 | 985,000 | 39,400 |
| Total | 4,675,000 | 731,462 | 5,400,000 | 744,502 |
| Plus unamortized premium/discount | 22,264 | - | 73,435 | - |
| Total | <u>\$ 4,697,264</u> | <u>\$ 731,462</u> | <u>\$ 5,473,435</u> | <u>\$ 744,502</u> |

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.

The debt service requirements for the bonds at June 30, 2018 were as follows:

| Fiscal Year Ending June 30, | Series 2010B Dated April 30, 2010 \$6,000,000 @ 1.10% to 5.25% per annum paid semi- annually (Nov. & May) | |
|--------------------------------------|---|-------------------|
| | PRINCIPAL | INTEREST |
| 2019 | \$ 400,000 | \$ 149,135 |
| 2020 | 410,000 | 131,335 |
| 2021 | 425,000 | 112,475 |
| 2022 | 435,000 | 92,287 |
| 2023 | 450,000 | 71,190 |
| 2024 | 465,000 | 48,915 |
| 2025 | 480,000 | 25,200 |
| Total | 3,065,000 | 630,537 |
| Plus unamortized premium/discount | 40,924 | - |
| Total | <u>\$ 3,105,924</u> | <u>\$ 630,537</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

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, 2018 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 |
| | 2019 | \$ 440,000 |
| 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 | 5,090,000 | 860,425 |
| Plus unamortized premium/discount | 62,205 | - |
| Total | \$ 5,152,205 | \$ 860,425 |

On November 6, 2014, the City issued General Obligation Bonds Series 2014 in the par amount of \$3,385,000, a premium of \$154,845 and issuance costs of \$74,606. The proceeds of the bonds plus \$149,007 of City funds were used to currently refund \$3,540,000 principal of the City's General Obligation Bonds Series 2004, plus \$74,025 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 recorded in the Park City General Obligation Debt Service Fund.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

General Obligation Bonds, Continued

The debt service requirements for the bonds at June 30, 2018 were as follows:

| Fiscal Year Ending June 30, | Series 2014 Dated November 6, 2014 \$3,385,000 @ 2.00% to 4.00% per annum paid semi- annually (Nov. & May) | |
|-----------------------------------|--|-----------|
| | PRINCIPAL | INTEREST |
| 2019 | \$ 725,000 | \$ 14,500 |
| Total | 725,000 | 14,500 |
| Plus unamortized premium | 28,943 | - |
| Total | \$ 753,943 | \$ 14,500 |

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

The debt service requirements for the bonds at June 30, 2018 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) | |
|-----------------------------------|--|--------------|
| | PRINCIPAL | INTEREST |
| 2019 | \$ 1,280,000 | \$ 961,550 |
| 2020 | 1,335,000 | 910,350 |
| 2021 | 1,385,000 | 843,600 |
| 2022 | 1,440,000 | 774,350 |
| 2023 | 1,500,000 | 702,350 |
| 2024 | 1,560,000 | 627,350 |
| 2025 | 1,625,000 | 549,350 |
| 2026 | 1,685,000 | 468,100 |
| 2027 | 1,755,000 | 383,850 |
| 2028 | 1,825,000 | 296,100 |
| 2029 | 1,900,000 | 241,350 |
| 2030 | 1,975,000 | 184,350 |
| 2031 | 2,055,000 | 125,100 |
| 2032 | 2,115,000 | 63,450 |
| Total | 23,435,000 | 7,131,200 |
| Plus unamortized premium | 2,655,595 | - |
| Total | \$ 26,090,595 | \$ 7,131,200 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

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, 2018, the tax increment collected by the Main Street Redevelopment Agency was \$293,889 and the tax contributions from other governments were \$983,888. The tax increment collected by the Lower Park Avenue Redevelopment Agency was \$635,653 and the tax contributions from other governments were \$2,128,057. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$262,566 and \$528,668, respectively.

During the fiscal year, the Lower Park Avenue Redevelopment Agency expended \$2,643,417 for site improvements and \$74,644 for economic development. The Main Street Redevelopment Agency expended \$95,695 for site improvements and \$4,710 for economic development.

Water Revenue Refunding Bonds

On September 29, 2009, the City issued the par amount of \$13,090,000 in Water Revenue and Refunding Bonds Series 2009B plus a premium of \$1,486,180. The premium was deferred and amortized over the life of the bond using the effective interest method. The bond proceeds were used to refund \$5,313,000 principal of outstanding Water Revenue Refunding Bonds Series 2002 plus interest of \$61,656. New money in the amount of \$8,567,659 was received to finance the construction of culinary water system improvements. The bonds bear interest at 3.0 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 the water refunding bonds at June 30, 2018 were as follows:

| Fiscal | Series 2009 | |
|-----------------------------|--------------------------|------------------|
| Year Ending | Dated September 29, 2009 | |
| <u>June 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2019 | \$ 1,810,000 | \$ 90,500 |
| Total | 1,810,000 | 90,500 |
| Plus unamortized premium | 147,526 | - |
| Total | <u>\$ 1,957,526</u> | <u>\$ 90,500</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Refunding Bonds, Continued

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, 2018 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 |
| | 2019 | \$ - | \$ 124,312 | \$ 230,000 |
| 2020 | - | 124,313 | 235,000 | 32,350 |
| 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 | 1,124,156 | 1,965,000 | 160,950 |
| Plus unamortized premium/discount | 78,068 | - | 21,855 | - |
| Total | <u>\$ 5,603,068</u> | <u>\$ 1,124,156</u> | <u>\$ 1,986,855</u> | <u>\$ 160,950</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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, 2018 is \$1,500,000.

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, 2018 were as follows:

| Fiscal Year Ending June 30, | Series 2009C | | Series 2010 | |
|-----------------------------------|-------------------------------|---------------------|-------------------------------|-------------------|
| | Dated September 29, 2009 | | Dated February 10, 2010 | |
| | \$10,135,000 @ 4.70% to 5.25% | | \$12,200,000 @ 2.00% to 5.00% | |
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2019 | \$ - | \$ 508,637 | \$ 825,000 | \$ 261,925 |
| 2020 | 1,900,000 | 508,637 | 870,000 | 219,550 |
| 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 | 2,094,345 | 6,640,000 | 991,375 |
| Plus unamortized premium | - | - | 386,370 | - |
| Total | <u>\$ 10,135,000</u> | <u>\$ 2,094,345</u> | <u>\$ 7,026,370</u> | <u>\$ 991,375</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Water Revenue Bonds, Continued

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.

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, 2018 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 |
| | 2019 | \$ 265,000 | \$ 86,200 | \$ - |
| 2020 | 280,000 | 78,250 | - | 133,737 |
| 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 | 2,760,000 | 461,100 | 4,115,000 | 993,525 |
| Plus unamortized premium | 186,628 | - | 148,950 | - |
| Total | <u>\$ 2,946,628</u> | <u>\$ 461,100</u> | <u>\$ 4,263,950</u> | <u>\$ 993,525</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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, 2018 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 |
| 2019 | \$ 985,000 | \$ 101,700 | \$ - | \$ 164,912 |
| 2020 | 1,025,000 | 62,300 | - | 164,912 |
| 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 | 47,613 |
| 2029 | - | - | 745,000 | 24,212 |
| Total | 3,075,000 | 185,300 | 5,375,000 | 1,272,688 |
| Plus unamortized premium | 227,441 | - | 123,306 | - |
| Total | <u>\$ 3,302,441</u> | <u>\$ 185,300</u> | <u>\$ 5,498,306</u> | <u>\$ 1,272,688</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, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

Sales Tax Revenue and Refunding Bonds, Continued

The debt service requirements for the bonds at June 30, 2018 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 |
| 2019 | \$ 665,000 | \$ 333,425 | \$ 1,590,000 | \$ 1,178,853 |
| 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 | 9,700,000 | 2,305,800 | 29,865,000 | 8,913,710 |
| Plus unamortized premium | 481,458 | - | 3,156,628 | - |
| Total | <u>\$ 10,181,458</u> | <u>\$ 2,305,800</u> | <u>\$ 33,021,628</u> | <u>\$ 8,913,710</u> |

The Series 2014A, 2014B, 2015 and 2017 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 130 of this report.

The Series 2017 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, 2018

NOTE E – LONG-TERM OBLIGATIONS, Continued

The annual debt service requirements for all long-term debt outstanding as of June 30, 2018 by activity are as follows:

| Fiscal Year ending June 30, | Governmental Activities | | |
|--------------------------------------|-----------------------------|---------------------|-----------------------------|
| | General Obligation Bonds | Revenue Bonds | Business-Type Activities |
| Principal | | | |
| 2019 | \$ 4,360,000 | \$ 3,240,000 | \$ 3,255,000 |
| 2020 | 3,775,000 | 3,375,000 | 3,410,000 |
| 2021 | 3,915,000 | 3,530,000 | 3,525,000 |
| 2022 | 4,065,000 | 3,120,000 | 3,645,000 |
| 2023 | 4,230,000 | 3,260,000 | 3,770,000 |
| 2024-2028 | 14,000,000 | 18,495,000 | 16,595,000 |
| 2029-2032 | 8,045,000 | 12,995,000 | 250,000 |
| Total | 42,390,000 | 48,015,000 | 34,450,000 |
| Plus unamortized premium/discount | | | |
| | 2,883,366 | 3,988,833 | 969,397 |
| Total | <u>\$ 45,273,366</u> | <u>\$52,003,833</u> | <u>\$35,419,397</u> |
| Interest | | | |
| 2019 | \$ 1,661,374 | \$ 1,778,890 | \$ 1,242,311 |
| 2020 | 1,514,214 | 1,646,689 | 1,096,837 |
| 2021 | 1,360,328 | 1,494,990 | 954,437 |
| 2022 | 1,196,957 | 1,418,964 | 807,649 |
| 2023 | 1,023,302 | 1,282,415 | 652,485 |
| 2024-2028 | 2,742,201 | 4,204,378 | 1,162,232 |
| 2029-2032 | 614,250 | 851,172 | - |
| Total | <u>\$ 10,112,626</u> | <u>\$12,677,498</u> | <u>\$ 5,915,951</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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

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

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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE F – RETIREMENT PLANS, Continued

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

| System | Final average salary | Years of service required and/or age eligible for benefit | Benefit percent per year of service | COLA** |
|---|----------------------|---|--|--|
| Noncontributory System | Highest 3 years | 30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65 | 2.00% per year all years | Up to 4.00% |
| Contributory System | Highest 5 years | 30 years any age 25 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% |

* With actuarial reductions

**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, 2018

NOTE F – RETIREMENT PLANS, Continued

Contribution rates as of June 30, 2018 are as follows:

| | Employee | Employer | Employer 401(k) |
|--|-----------------|-----------------|----------------------------|
| Contributory System | | | |
| 11 Local Government Div - Tier 1 | 6.00 | 14.46 | N/A |
| 111 Local Government Div - Tier 2* | N/A | 15.11 | 1.58 |
| Noncontributory System | | | |
| 15 Local Government Div - Tier 1 | N/A | 18.47 | N/A |
| Public Safety System | | | |
| Contributory | | | |
| 23 Other Div A with 2.50% COLA | 12.29 | 22.75 | N/A |
| 122 Tier 2 DB Hybrid Public Safety* | N/A | 22.57 | 1.26 |
| 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, 2018, the employer and employee contributions to the Systems were as follows:

| System | Employer Contributions | Employee Contributions |
|--|-----------------------------------|-----------------------------------|
| Noncontributory System | \$ 1,553,648 | \$ N/A |
| Contributory System | 121,856 | - |
| Public Safety System | 696,730 | - |
| Tier 2 Public Employees Systems | 1,051,865 | - |
| Tier 2 Public Safety and Firefighter | 54,182 | - |
| Tier 2 DC Only System | 63,003 | N/A |
| Tier 2 DC Public Safety and Firefighter System | 7,618 | N/A |
| Total Contributions | \$ 3,548,902 | \$ - |

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, 2018

NOTE F – RETIREMENT PLANS, Continued

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

At June 30, 2018, the City reported a net pension asset of \$3,365 and a net pension liability of \$7,780,234:

| <u>Measurement Date: December 31, 2017</u> | | | | | | |
|--|--------------------|---------------------|----------------------------------|---|----------------------------|-------------------|
| | <u>Net Pension</u> | | <u>Net Pension Proportionate</u> | | <u>Proportionate Share</u> | <u>Change</u> |
| | <u>Asset</u> | <u>Liability</u> | <u>Share</u> | | <u>December 31, 2016</u> | <u>(Decrease)</u> |
| Noncontributory System | \$ - | \$ 5,167,113 | 1.1793561 | % | 1.1028763 | 0.0764798 |
| Contributory System | - | 348,463 | 4.2822288 | | 3.5528544 | 0.7293744 |
| Public Safety System | - | 2,208,117 | 1.4076471 | | 1.3348476 | 0.0727995 |
| Tier 2 Public Employees System | - | 56,541 | 0.6412973 | | 0.5779839 | 0.0633134 |
| Tier 2 Public Safety and Firefighter | 3,365 | - | 0.2907906 | | 0.4276917 | (0.1369011) |
| | <u>\$ 3,365</u> | <u>\$ 7,780,234</u> | | | | |

The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$3,773,294. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred</u> | <u>Deferred</u> |
|--|---------------------|---------------------|
| | <u>Outflows of</u> | <u>Inflows of</u> |
| | <u>Resources</u> | <u>Resources</u> |
| Differences between expected and actual experience | \$ 119,131 | \$ 693,040 |
| Changes in assumptions | 2,752,575 | 157,165 |
| Net difference between projected and actual earnings on pension plan investments | 1,968,330 | 5,028,331 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 674,238 | 147,284 |
| Contributions subsequent to the measurement date | 1,821,443 | - |
| Total | <u>\$ 7,335,717</u> | <u>\$ 6,025,820</u> |

\$1,821,443 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, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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> | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2018 | \$ 590,974 |
| 2019 | 677,027 |
| 2020 | (753,661) |
| 2021 | (1,090,164) |
| 2022 | (11,837) |
| Thereafter | 76,116 |

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$1,915,329. 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 | \$ 115,259 | \$ 316,219 |
| Changes in assumptions | 1,856,003 | 120,726 |
| Net difference between projected and actual earnings on pension plan investments | 1,112,444 | 2,921,086 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 336,650 | 147,284 |
| Contributions subsequent to the measurement date | 784,070 | - |
| Total | <u>\$ 4,204,426</u> | <u>\$ 3,505,315</u> |

\$784,070 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, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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> | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2018 | \$ 351,352 |
| 2019 | 478,965 |
| 2020 | (278,549) |
| 2021 | (636,727) |
| 2022 | - |
| Thereafter | - |

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$273,848. 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 | 440,047 | 999,277 |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | 61,651 | - |
| Total | <u>\$ 501,698</u> | <u>\$ 999,277</u> |

\$61,651 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, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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> | Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2018 | \$ (33,545) |
| 2019 | (47,984) |
| 2020 | (260,788) |
| 2021 | (216,913) |
| 2022 | - |
| Thereafter | - |

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$1,009,352. 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 | \$ - | \$ 323,858 |
| Changes in assumptions | 813,111 | 30,427 |
| Net difference between projected and actual earnings on pension plan investments | 397,279 | 1,021,232 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 261,660 | - |
| Contributions subsequent to the measurement date | 354,221 | - |
| Total | <u>\$ 1,826,271</u> | <u>\$ 1,375,517</u> |

\$354,221 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, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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> |
|--------------------------------|---|
| 2018 \$ | 277,562 |
| 2019 | 250,441 |
| 2020 | (209,057) |
| 2021 | (222,413) |
| 2022 | - |
| Thereafter | - |

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$543,389. 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 | \$ 2,117 | \$ 52,953 |
| Changes in assumptions | 76,094 | 5,724 |
| Net difference between projected and actual earnings on pension plan investments | 17,730 | 82,246 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 68,242 | - |
| Contributions subsequent to the measurement date | 594,118 | - |
| Total | <u>\$ 758,301</u> | <u>\$ 140,923</u> |

\$594,118 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, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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> |
|--------------------------------|---|
| 2018 | \$ (4,666) |
| 2019 | (4,666) |
| 2020 | (5,506) |
| 2021 | (13,951) |
| 2022 | (11,793) |
| Thereafter | 63,842 |

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$31,376. 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 | \$ 1,755 | \$ 10 |
| Changes in assumptions | 7,367 | 288 |
| Net difference between projected and actual earnings on pension plan investments | 830 | 4,490 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 7,686 | - |
| Contributions subsequent to the measurement date | 27,383 | - |
| Total | <u>\$ 45,021</u> | <u>\$ 4,788</u> |

\$27,383 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, 2017.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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> |
|--------------------------------|---|
| 2018 | \$ 271 |
| 2019 | 271 |
| 2020 | 239 |
| 2021 | (160) |
| 2022 | (44) |
| Thereafter | 12,274 |

Actuarial Assumptions

The total pension liability in the December 31, 2017, 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, 2017, 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, 2018

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 | - | - | - |
| Totals | 100.00 % | | 4.75 % |
| | 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 was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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 | \$ 13,974,298 | \$ 5,167,113 | \$ (2,155,625) |
| Contributory System | 2,362,607 | 348,463 | (1,341,048) |
| Public Safety System | 5,563,462 | 2,208,117 | (511,352) |
| Tier 2 Public Employees System | 665,748 | 56,541 | (413,244) |
| Tier 2 Public Safety and Firefighter System | 29,796 | (3,365) | (28,700) |
| Total | \$ 22,595,911 | \$ 7,776,869 | \$ (4,449,969) |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

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, 2018 were as follows:

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|------------------------|-------------|-------------|-------------|
| 401(k) Plan | | | |
| Employer Contributions | \$ 272,906 | \$ 224,693 | \$ 186,225 |
| Employee Contributions | - | - | - |
| Roth IRA Plan | | | |
| Employer Contributions | N/A | N/A | N/A |
| Employee Contributions | 16,770 | 17,105 | 12,245 |
| 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, 2018 was \$25,282,067. Of that amount, \$7,096,948 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, 2018 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, 2018 contributions totaling \$52,929 or 0.75 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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE G - DEFINED CONTRIBUTION PLANS, Continued

to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the City's financial statements.

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2018 was \$25,282,067 and the City's covered payroll eligible for this plan totaled \$17,703,431. 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 \$225,101 or 1.27 percent of covered payroll were made by the City and voluntary contributions totaling \$907,460 or 5.12 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, 2018 are as follows:

| | |
|------------------------|-------------|
| Capital Projects Funds | \$4,980,266 |
| Enterprise Funds | \$1,637,824 |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE I– INTERGOVERNMENTAL REVENUES

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2018. They consist of the following:

| | |
|---|----------------------------|
| State of Utah Class "C" road allotments | \$ 420,261 |
| State contributions | 74,438 |
| County contributions | 3,031,319 |
| Federal contributions | 2,733,886 |
| Fire District | 413,959 |
| School District | <u>2,204,247</u> |
| Total | <u><u>\$ 8,878,110</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, 2018 was as follows:

| Fiscal Year Ending | | |
|---------------------------|-------------------------|------------------------|
| June 30, | PRINCIPAL | INTEREST |
| 2019 | \$ 31,106 | \$ 1,271 |
| 2020 | 31,654 | 723 |
| 2021 | <u>24,107</u> | <u>176</u> |
| Total | <u><u>\$ 86,867</u></u> | <u><u>\$ 2,170</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.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE K – RISK MANAGEMENT, Continued

| | |
|-----------------------------------|-----------|
| Unpaid claims as of June 30, 2016 | 13,797 |
| Incurred claims | 105,918 |
| Claim payments | 91,035 |
| Unpaid claims as of June 30, 2017 | 28,680 |
| Incurred claims | 151,053 |
| Claim payments | 143,138 |
| Unpaid claims as of June 30, 2018 | \$ 36,595 |

NOTE L – BUDGET RECONCILIATION

A reconciliation of the original 2017-2018 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2018 is as follows:

| | Original Budget | Increase (Decrease) | Budget as Revised |
|--------------------------------|--------------------|------------------------|----------------------|
| General Fund: | | | |
| Revenues | \$ 32,404,880 | \$ 2,569,912 | \$ 34,974,792 |
| Expenditures | 32,453,539 | 1,398,105 | 33,851,644 |
| Special Revenue Funds: | | | |
| Revenues | \$ 3,655,792 | \$ - | \$ 3,655,792 |
| Expenditures | 1,292,989 | - | 1,292,989 |
| Debt Service Funds: | | | |
| Revenues | \$ 6,489,841 | \$ - | \$ 6,489,841 |
| Expenditures | 8,705,848 | 2,998,296 | 11,704,144 |
| Capital Projects Funds: | | | |
| Revenues | \$ 16,257,707 | \$ 24,749,839 | \$ 41,007,546 |
| Expenditures | 13,407,590 | 80,371,423 | 93,779,013 |

NOTE M – INTERFUND TRANSFERS

Fund Financial Statements

Transfers were made to and from several funds during the course of the year ended June 30, 2018. 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 \$5,027,357 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 \$30,203,248 of net bond proceeds to the Capital Improvements Fund for construction project costs. Transfers to the General Fund were comprised of: \$1,493,450 from the Water Fund, \$50,000 from the Stormwater Fund, \$931,966 from the Transportation and Parking Fund and \$101,766 from the Golf Fund for administrative expenses for the year ended June 30, 2018.

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE M – INTERFUND TRANSFERS, Continued

| | Transfers into: | | | | | Business- Type Activities | Total |
|---------------------------------|--------------------|--------------------------------|--|--------------------|------------------------|---------------------------------|---------------------|
| | Major Funds | | | | | | |
| | General Fund | Capital Improvement Fund | Sales Tax Revenue & Refunding - DSF | Nonmajor Funds | Golf Course Fund | | |
| <u>Transfers out from:</u> | | | | | | | |
| Governmental activities | | | | | | | |
| Major funds: | | | | | | | |
| General fund | \$ - | \$ 3,000,023 | \$ 159,826 | \$1,073,700 | \$25,000 | | \$ 4,258,549 |
| Capital improvement fund | - | - | 3,352,716 | - | - | | 3,352,716 |
| Sales tax rev & refund - DSF | - | 30,203,248 | - | - | - | | 30,203,248 |
| General obligation - DSF | - | - | - | - | - | | - |
| Nonmajor funds: | | | | | | | |
| Other funds | - | - | 1,514,815 | 2,393,125 | - | | 3,907,940 |
| Business-type activities | | | | | | | |
| Water fund | 1,493,450 | - | - | - | - | | 1,493,450 |
| Stormwater fund | 50,000 | - | - | - | - | | 50,000 |
| Transportation and parking | 931,966 | - | - | - | - | | 931,966 |
| Golf course fund | 101,766 | - | - | - | - | | 101,766 |
| Total | \$2,577,182 | \$33,203,271 | \$5,027,357 | \$3,466,825 | \$25,000 | | \$44,299,635 |

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, 2018

NOTE O – UNAVAILABLE REVENUE

Fund Financial Statements

At June 30, 2018, 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 | \$ 86,867 | \$ - | \$ 1,439,202 | \$ - | \$ 1,526,069 |
| Property tax levied- not yet collected | 9,883,951 | 6,021,374 | - | 4,140,987 | 20,046,312 |
| | <u>\$9,970,818</u> | <u>\$ 6,021,374</u> | <u>\$ 1,439,202</u> | <u>\$ 4,140,987</u> | <u>\$ 21,572,381</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 \$17,210,292 at June 30, 2018.

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

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE Q – POLLUTION REMEDIATION, Continued

pursuant to GASB 49. The City plans to conduct remediation of 48 acres of land in accordance with the Utah Department of Environmental Quality Clean-up Program. The estimated cost to remediate these 48 acres is \$1,272,000 and is a liability of the City. The estimate of \$1,272,000 is measured at current value using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. This technique uses all expectations about possible cash flows. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

NOTE R – RESTATEMENTS

Prior Period Adjustment

The City has recorded the following prior period adjustment to adjust capital assets and inventory that were reported incorrectly or excluded in the government-wide and proprietary fund financial statements. Accordingly, the City's beginning net position as of July 1, 2017 have been restated as follows:

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Net position beginning balance | \$ 214,841,303 | \$ 117,759,368 | \$ 332,600,671 |
| Inventories | (160,279) | - | (160,279) |
| Capital assets not being depreciated: | | | |
| Land | 7,172,946 | - | 7,172,946 |
| Construction in progress | 100,000 | 120,422 | 220,422 |
| Capital assets (net of accumulated depreciation): | | | |
| Buildings | - | 4,996 | 4,996 |
| Improvements other than buildings | (106,989) | (263,265) | (370,254) |
| Vehicles and equipment | 276,136 | (72,086) | 204,050 |
| Infrastructure | (139,787) | - | (139,787) |
| Total adjustment | 7,142,027 | (209,933) | 6,932,094 |
| Net position beginning balance, as adjusted | <u>\$ 221,983,330</u> | <u>\$ 117,549,435</u> | <u>\$ 339,532,765</u> |

| | Proprietary Fund Water | Proprietary Fund Transportation and Parking | Total Enterprise Funds |
|--|---------------------------|---|---------------------------|
| Net position beginning balance | \$ 56,884,665 | \$ 49,762,018 | \$ 117,774,826 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Buildings | - | 6,658 | 6,658 |
| Improvements other than buildings | (25,610) | | (25,610) |
| Construction in progress | 120,422 | | 120,422 |
| Accumulated depreciation and amortization | (294,053) | (17,350) | (311,403) |
| Total adjustment | (199,241) | (10,692) | (209,933) |
| Net position beginning balance, as adjusted | <u>\$ 56,685,424</u> | <u>\$ 49,751,326</u> | <u>\$ 117,564,893</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE R – RESTATEMENTS, Continued

| | Beginning Balance June 30, 2017 | Adjustments | Adjusted Beginning Balance June 30, 2017 |
|--|---------------------------------------|---------------------|--|
| Governmental activities: | | | |
| Capital assets, not being depreciated: | | | |
| Land and water rights | \$ 148,609,832 | \$ 7,172,946 | \$ 155,782,778 |
| Construction in progress | 5,487,187 | 100,000 | 5,587,187 |
| Art | 718,619 | - | 718,619 |
| Total capital assets, not being depreciated | <u>154,815,638</u> | <u>7,272,946</u> | <u>162,088,584</u> |
| Capital assets, being depreciated: | | | |
| Buildings | 43,331,026 | - | 43,331,026 |
| Improvements other than building | 41,091,811 | - | 41,091,811 |
| Vehicles and equipment | 12,472,699 | 328,281 | 12,800,980 |
| Infrastructure | 114,743,821 | (119,183) | 114,624,638 |
| Intangibles | 5,902,535 | - | 5,902,535 |
| Total capital assets, being depreciated | <u>217,541,892</u> | <u>209,098</u> | <u>217,750,990</u> |
| Less accumulated depreciation for: | | | |
| Buildings | (13,749,488) | - | (13,749,488) |
| Improvements other than building | (20,191,800) | (106,989) | (20,298,789) |
| Vehicles and equipment | (7,278,310) | (52,145) | (7,330,455) |
| Infrastructure | (88,943,609) | (20,604) | (88,964,213) |
| Intangibles | (332,322) | - | (332,322) |
| Total accumulated depreciation | <u>(130,495,529)</u> | <u>(179,738)</u> | <u>(130,675,267)</u> |
| Total capital assets, being depreciated, net | <u>87,046,363</u> | <u>29,360</u> | <u>87,075,723</u> |
| Governmental activities capital assets, net | <u>\$ 241,862,001</u> | <u>\$ 7,302,306</u> | <u>\$ 249,164,307</u> |
| Business-type activities: | | | |
| Capital assets, not being depreciated: | | | |
| Land and water rights | \$ 22,245,189 | - | \$ 22,245,189 |
| Construction in progress | 6,565,585 | 120,422 | 6,686,007 |
| Art | 109,214 | - | 109,214 |
| Total capital assets, not being depreciated | <u>28,919,988</u> | <u>120,422</u> | <u>29,040,410</u> |
| Capital assets, being depreciated: | | | |
| Buildings | 20,731,544 | 6,658 | 20,738,202 |
| Improvements other than building | 107,131,252 | (25,610) | 107,105,642 |
| Vehicles and equipment | 30,890,432 | - | 30,890,432 |
| Intangibles | 86,455 | - | 86,455 |
| Total capital assets, being depreciated | <u>158,839,683</u> | <u>(18,952)</u> | <u>158,820,731</u> |
| Less accumulated depreciation for: | | | |
| Buildings | (6,559,588) | (1,662) | (6,561,250) |
| Improvements other than building | (45,386,473) | (237,655) | (45,624,128) |
| Vehicles and equipment | (12,379,167) | (72,086) | (12,451,253) |
| Intangibles | (47,858) | - | (47,858) |
| Total accumulated depreciation | <u>(64,373,086)</u> | <u>(311,403)</u> | <u>(64,684,489)</u> |
| Total capital assets, being depreciated, net | <u>94,466,597</u> | <u>(330,355)</u> | <u>94,136,242</u> |
| Business-type activities capital assets, net | <u>\$ 123,386,585</u> | <u>\$ (209,933)</u> | <u>\$ 123,176,652</u> |

PARK CITY MUNICIPAL CORPORATION, UTAH
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE S – SUBSEQUENT EVENTS

On November 6, 2018, Park City voters approved the Park City Open Space Bond Ballot Initiative: “Shall Park City, Utah, be authorized to issue general obligation bonds to acquire, improve and forever preserve open space, park and recreational land located in Treasure Hill and Armstrong/Snow Ranch Pasture in order to protect the conservation values thereof, to eliminate any future commercial or residential development, and to make limited improvements for public access, trailhead parking and use, in an amount not to exceed \$48,000,000 and to mature in no more than 16 years from the date or dates of such bonds?”

**REQUIRED SUPPLEMENTARY
INFORMATION**

Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Park City Municipal Corporation, Utah
Utah Retirement Systems
Last 10 Calendar Years ¹

| | As of calendar year ended December 31, | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered 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 |
| 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 |
| 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 |
| 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 |
| 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 |

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

Schedule of Required Supplementary Information
Schedule of Contributions
Park City Municipal Corporation, Utah
Utah Retirement Systems
Last 10 Fiscal Years ¹

| | As of fiscal year ended June 30, | Actuarial determined contributions | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll ² |
|--|--|--|--|--|--------------------------------|--|
| Noncontributory System | 2014 | \$ 1,463,515 | \$ 1,463,515 | \$ - | \$ 8,593,869 | 17.03 % |
| | 2015 | 1,593,052 | 1,593,052 | - | 8,676,643 | 18.36 |
| | 2016 | 1,583,281 | 1,583,281 | - | 8,630,571 | 18.35 |
| | 2017 | 1,559,571 | 1,559,571 | - | 8,480,620 | 18.39 |
| | 2018 | 1,553,648 | 1,553,648 | - | 8,429,027 | 18.43 |
| 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 |
| 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 |
| Tier 2 Public Employees System ³ | 2014 | 274,597 | 274,597 | - | 1,962,810 | 13.99 |
| | 2015 | 447,904 | 447,904 | - | 2,998,019 | 14.94 |
| | 2016 | 652,227 | 652,227 | - | 4,374,424 | 14.91 |
| | 2017 | 830,304 | 830,304 | - | 5,568,772 | 14.91 |
| | 2018 | 1,051,865 | 1,051,865 | - | 6,961,378 | 15.11 |
| Tier 2 Public Safety and Firefighter System ³ | 2014 | 43,142 | 43,142 | - | 206,915 | 20.85 |
| | 2015 | 46,309 | 46,309 | - | 205,361 | 22.55 |
| | 2016 | 75,876 | 75,876 | - | 337,225 | 22.50 |
| | 2017 | 79,353 | 79,353 | - | 352,678 | 22.50 |
| | 2018 | 54,182 | 54,182 | - | 240,064 | 22.57 |
| Tier 2 Public Employees DC Only System ³ | 2014 | 2,308 | 2,308 | - | 41,356 | 5.58 |
| | 2015 | 14,096 | 14,096 | - | 209,757 | 6.72 |
| | 2016 | 23,903 | 23,903 | - | 357,294 | 6.69 |
| | 2017 | 36,006 | 36,006 | - | 538,211 | 6.69 |
| | 2018 | 63,003 | 63,003 | - | 941,754 | 6.69 |
| Tier 2 Public Safety and Firefighter DC Only System ³ | 2014 | - | - | - | - | - |
| | 2015 | 3,007 | 3,007 | - | 25,417 | 11.83 |
| | 2016 | 6,153 | 6,153 | - | 52,009 | 11.83 |
| | 2017 | 6,895 | 6,895 | - | 58,283 | 11.83 |
| | 2018 | 7,618 | 7,618 | - | 64,392 | 11.83 |

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

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

³ Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Park City Municipal Corporation, Utah
Notes to Required Supplementary Information
For the year ended June 30, 2018

Note 1. Changes in Assumptions

As a result of an experience study conducted as of December 31, 2016, the Utah Retirement Systems' Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the total pension liability (and actuarial accrued liability) include: (1) a decrease in the investment return assumption from 7.20 percent to 6.95 percent, (2) a reduction in the price inflation assumption from 2.60 percent to 2.50 percent (which also resulted in a corresponding decrease in the cost of living adjustment assumption for the funds with a 4.00 percent annual COLA max), (3) the adoption of an updated retiree mortality table that is developed using Utah Retirement Systems' actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the total pension liability (and actuarial accrued liability).

**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, Utah
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Special Revenue Funds | | | Capital Projects Funds | | | | Total Nonmajor Governmental | |
|---|---|--|---------------------|---|--|------------------------------------|---------------------------------|--------------------------------|----------------------|
| | Lower Park Avenue Redevelopment Agency | Main Street Redevelopment Agency | Total | Lower Park Avenue Redevelopment Agency | Main Street Redevelopment Agency | Municipal Building Authority | Equipment Replacement CIP | | Total |
| Assets | | | | | | | | | |
| Cash, cash equivalents and investments | \$ 851,101 | \$ 722,916 | \$ 1,574,017 | \$ 1,164,976 | \$ 1,159,928 | \$ 431,244 | \$ 2,020,238 | \$ 4,776,386 | \$ 6,350,403 |
| Receivables | | | | | | | | | |
| Taxes | 2,849,225 | 1,308,895 | 4,158,120 | - | - | - | - | - | 4,158,120 |
| Accounts | 237 | 174 | 411 | 297 | 233 | 86 | - | 616 | 1,027 |
| Total assets | <u>\$ 3,700,563</u> | <u>\$ 2,031,985</u> | <u>\$ 5,732,548</u> | <u>\$ 1,165,273</u> | <u>\$ 1,160,161</u> | <u>\$ 431,330</u> | <u>\$ 2,020,238</u> | <u>\$ 4,777,002</u> | <u>\$ 10,509,550</u> |
| Liabilities, deferred inflows of resources and fund balances | | | | | | | | | |
| Accounts payable | \$ 226 | \$ - | \$ 226 | \$ 136,424 | \$ 83,387 | \$ - | \$ 29,492 | \$ 249,303 | \$ 249,529 |
| Deferred inflows of resources-property tax | 2,840,987 | 1,300,000 | 4,140,987 | - | - | - | - | - | 4,140,987 |
| Total liabilities and deferred inflows of resources | <u>2,841,213</u> | <u>1,300,000</u> | <u>4,141,213</u> | <u>136,424</u> | <u>83,387</u> | <u>-</u> | <u>29,492</u> | <u>249,303</u> | <u>4,390,516</u> |
| Fund Balances | | | | | | | | | |
| Committed: | | | | | | | | | |
| Capital projects | - | - | - | 1,028,849 | 1,076,774 | 431,330 | 1,990,746 | 4,527,699 | 4,527,699 |
| Economic development | 859,350 | 731,985 | 1,591,335 | - | - | - | - | - | 1,591,335 |
| Total fund balances | <u>859,350</u> | <u>731,985</u> | <u>1,591,335</u> | <u>1,028,849</u> | <u>1,076,774</u> | <u>431,330</u> | <u>1,990,746</u> | <u>4,527,699</u> | <u>6,119,034</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,700,563</u> | <u>\$ 2,031,985</u> | <u>\$ 5,732,548</u> | <u>\$ 1,165,273</u> | <u>\$ 1,160,161</u> | <u>\$ 431,330</u> | <u>\$ 2,020,238</u> | <u>\$ 4,777,002</u> | <u>\$ 10,509,550</u> |

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

| | Special Revenue Funds | | | Capital Projects Funds | | | | Total Nonmajor Governmental | |
|---|--|----------------------------------|---------------------|--|----------------------------------|------------------------------|---------------------------|-----------------------------|---------------------|
| | Lower Park Avenue Redevelopment Agency | Main Street Redevelopment Agency | Total | Lower Park Avenue Redevelopment Agency | Main Street Redevelopment Agency | Municipal Building Authority | Equipment Replacement CIP | | Total |
| Revenues | | | | | | | | | |
| Taxes and special assessments | \$ 635,653 | \$ 293,889 | \$ 929,542 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 929,542 |
| Contributions from other governments | 2,128,057 | 983,888 | 3,111,945 | - | - | - | - | - | 3,111,945 |
| Investment income | 16,432 | 11,529 | 27,961 | 12,741 | 17,021 | 6,155 | - | 35,917 | 63,878 |
| Total revenues | <u>2,780,142</u> | <u>1,289,306</u> | <u>4,069,448</u> | <u>12,741</u> | <u>17,021</u> | <u>6,155</u> | <u>-</u> | <u>35,917</u> | <u>4,105,365</u> |
| Expenditures | | | | | | | | | |
| Capital outlay | - | - | - | 2,643,417 | 95,695 | 1,430 | 516,654 | 3,257,196 | 3,257,196 |
| Economic development | 603,312 | 267,276 | 870,588 | - | - | - | - | - | 870,588 |
| Total expenditures | <u>603,312</u> | <u>267,276</u> | <u>870,588</u> | <u>2,643,417</u> | <u>95,695</u> | <u>1,430</u> | <u>516,654</u> | <u>3,257,196</u> | <u>4,127,784</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,176,830</u> | <u>1,022,030</u> | <u>3,198,860</u> | <u>(2,630,676)</u> | <u>(78,674)</u> | <u>4,725</u> | <u>(516,654)</u> | <u>(3,221,279)</u> | <u>(22,419)</u> |
| Other financing sources (uses) | | | | | | | | | |
| Sale of capital assets | - | - | - | 1,981,900 | - | - | 80,989 | 2,062,889 | 2,062,889 |
| Transfers in | - | - | - | 1,641,125 | 752,000 | - | 1,073,700 | 3,466,825 | 3,466,825 |
| Transfers out | (1,641,125) | (752,000) | (2,393,125) | (705,325) | (809,490) | - | - | (1,514,815) | (3,907,940) |
| Total other financing sources (uses) | <u>(1,641,125)</u> | <u>(752,000)</u> | <u>(2,393,125)</u> | <u>2,917,700</u> | <u>(57,490)</u> | <u>-</u> | <u>1,154,689</u> | <u>4,014,899</u> | <u>1,621,774</u> |
| Net change in fund balances | <u>535,705</u> | <u>270,030</u> | <u>805,735</u> | <u>287,024</u> | <u>(136,164)</u> | <u>4,725</u> | <u>638,035</u> | <u>793,620</u> | <u>1,599,355</u> |
| Fund balances - beginning | <u>323,645</u> | <u>461,955</u> | <u>785,600</u> | <u>741,825</u> | <u>1,212,938</u> | <u>426,605</u> | <u>1,352,711</u> | <u>3,734,079</u> | <u>4,519,679</u> |
| Fund balances - ending | <u>\$ 859,350</u> | <u>\$ 731,985</u> | <u>\$ 1,591,335</u> | <u>\$ 1,028,849</u> | <u>\$ 1,076,774</u> | <u>\$ 431,330</u> | <u>\$ 1,990,746</u> | <u>\$ 4,527,699</u> | <u>\$ 6,119,034</u> |

Park City Municipal Corporation, Utah
Sales Tax Revenue and Refunding Bonds Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|----------------------------|----------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ 195,670 | \$ 195,670 |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 1,605,000 | 3,680,000 | 3,680,000 | - |
| Interest | 661,613 | 1,361,356 | 1,351,082 | 10,274 |
| Bond issuance costs | - | 223,553 | 223,553 | - |
| Total expenditures | <u>2,266,613</u> | <u>5,264,909</u> | <u>5,254,635</u> | <u>10,274</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,266,613)</u> | <u>(5,264,909)</u> | <u>(5,058,965)</u> | <u>205,944</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 2,257,613 | 5,027,357 | 5,027,357 | - |
| Transfers out | - | (30,203,248) | (30,203,248) | - |
| Debt issuance | - | 31,940,000 | 31,940,000 | - |
| Premium on debt issuance | - | 3,287,871 | 3,287,871 | - |
| Total other financing sources (uses) | <u>2,257,613</u> | <u>10,051,980</u> | <u>10,051,980</u> | <u>-</u> |
| Net change in fund balance | (9,000) | 4,787,071 | 4,993,015 | 205,944 |
| Fund balance - beginning | <u>2,371,332</u> | <u>2,403,929</u> | <u>2,403,932</u> | <u>3</u> |
| Fund balance - ending | <u><u>\$ 2,362,332</u></u> | <u><u>\$ 7,191,000</u></u> | <u><u>\$ 7,396,947</u></u> | <u><u>\$ 205,947</u></u> |

Park City Municipal Corporation, Utah
General Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | | | | |
| General property tax | \$ 6,420,184 | \$ 6,420,184 | \$ 6,420,184 | \$ - |
| Delinquent taxes | 12,000 | 12,000 | 12,000 | - |
| Investment income | - | - | 1,729 | 1,729 |
| Miscellaneous | 57,657 | 57,657 | 53,766 | (3,891) |
| Total revenues | <u>6,489,841</u> | <u>6,489,841</u> | <u>6,487,679</u> | <u>(2,162)</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 4,945,000 | 4,945,000 | 4,945,000 | - |
| Interest | 1,494,235 | 1,494,235 | 1,475,934 | 18,301 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>6,439,235</u> | <u>6,439,235</u> | <u>6,420,934</u> | <u>18,301</u> |
| Excess of revenues over expenditures | <u>50,606</u> | <u>50,606</u> | <u>66,745</u> | <u>16,139</u> |
| Net change in fund balance | 50,606 | 50,606 | 66,745 | 16,139 |
| Fund balance - beginning | <u>627,961</u> | <u>643,716</u> | <u>604,721</u> | <u>(38,995)</u> |
| Fund balance - ending | <u>\$ 678,567</u> | <u>\$ 694,322</u> | <u>\$ 671,466</u> | <u>\$ (22,856)</u> |

Park City Municipal Corporation, Utah
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes and special assessments | \$ 7,150,207 | \$ 6,200,000 | \$ 7,159,183 | \$ 959,183 |
| Intergovernmental | 410,000 | 1,950,000 | 2,953,385 | 1,003,385 |
| Investment income | - | 20,000 | 604,765 | 584,765 |
| Impact fees | 1,165,000 | 355,000 | 432,381 | 77,381 |
| Miscellaneous | 7,532,500 | 32,482,546 | 1,007,073 | (31,475,473) |
| Total revenues | <u>16,257,707</u> | <u>41,007,546</u> | <u>12,156,787</u> | <u>(28,850,759)</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Land and building acquisition | 1,100,000 | 43,579,966 | 29,807,939 | 13,772,027 |
| Street and storm drain improvements | 1,490,000 | 1,539,120 | 1,084,377 | 454,743 |
| Building renovation and construction | 557,709 | 6,879,784 | 1,519,745 | 5,360,039 |
| Improvements other than building | 6,818,194 | 31,624,177 | 3,200,112 | 28,424,065 |
| City parks and cemetery improvements | 100,000 | 515,134 | 90,948 | 424,186 |
| Equipment | 366,987 | 937,197 | 92,435 | 844,762 |
| Total expenditures | <u>10,432,890</u> | <u>85,075,378</u> | <u>35,795,556</u> | <u>49,279,822</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>5,824,817</u> | <u>(44,067,832)</u> | <u>(23,638,769)</u> | <u>20,429,063</u> |
| Other financing sources (uses) | | | | |
| Sale of capital assets | - | 1,886,500 | 3,490,905 | 1,604,405 |
| Transfers in | - | 33,203,271 | 33,203,271 | - |
| Transfers out | (1,288,297) | (3,352,716) | (3,352,716) | - |
| Total other financing sources (uses) | <u>(1,288,297)</u> | <u>31,737,055</u> | <u>33,341,460</u> | <u>1,604,405</u> |
| Net change in fund balance | 4,536,520 | (12,330,777) | 9,702,691 | 22,033,468 |
| Fund balance - beginning | <u>35,280,427</u> | <u>79,638,774</u> | <u>31,249,751</u> | <u>(48,389,023)</u> |
| Fund balance - ending | <u>\$ 39,816,947</u> | <u>\$ 67,307,997</u> | <u>\$ 40,952,442</u> | <u>\$ (26,355,555)</u> |

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|--------------------------|--------------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes and special assessments | \$ 595,212 | \$ 595,212 | \$ 635,653 | \$ 40,441 |
| Contributions from other governments | 1,818,580 | 1,818,580 | 2,128,057 | 309,477 |
| Investment income | - | - | 16,432 | 16,432 |
| Total revenues | <u>2,413,792</u> | <u>2,413,792</u> | <u>2,780,142</u> | <u>366,350</u> |
| Expenditures | | | | |
| Economic development | <u>807,989</u> | <u>807,989</u> | <u>603,312</u> | <u>204,677</u> |
| Excess of revenues over expenditures | <u>1,605,803</u> | <u>1,605,803</u> | <u>2,176,830</u> | <u>571,027</u> |
| Other financing uses-transfers out | <u>(1,641,125)</u> | <u>(1,641,125)</u> | <u>(1,641,125)</u> | <u>-</u> |
| Net change in fund balances | (35,322) | (35,322) | 535,705 | 571,027 |
| Fund balance - beginning | <u>251,553</u> | <u>322,354</u> | <u>323,645</u> | <u>1,291</u> |
| Fund balance - ending | <u><u>\$ 216,231</u></u> | <u><u>\$ 287,032</u></u> | <u><u>\$ 859,350</u></u> | <u><u>\$ 572,318</u></u> |

Park City Municipal Corporation, Utah
Main Street Redevelopment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes and special assessments | \$ 324,160 | \$ 324,160 | \$ 293,889 | \$ (30,271) |
| Contributions from other governments | 917,840 | 917,840 | 983,888 | 66,048 |
| Investment income | - | - | 11,529 | 11,529 |
| Total revenues | <u>1,242,000</u> | <u>1,242,000</u> | <u>1,289,306</u> | <u>47,306</u> |
| Expenditures | | | | |
| Economic development | <u>485,000</u> | <u>485,000</u> | <u>267,276</u> | <u>217,724</u> |
| Excess of revenues over expenditures | <u>757,000</u> | <u>757,000</u> | <u>1,022,030</u> | <u>265,030</u> |
| Other financing uses-transfers out | <u>(752,000)</u> | <u>(752,000)</u> | <u>(752,000)</u> | <u>-</u> |
| Net change in fund balances | 5,000 | 5,000 | 270,030 | 265,030 |
| Fund balance - beginning | <u>265,447</u> | <u>460,052</u> | <u>461,955</u> | <u>1,903</u> |
| Fund balance - ending | <u>\$ 270,447</u> | <u>\$ 465,052</u> | <u>\$ 731,985</u> | <u>\$ 266,933</u> |

Park City Municipal Corporation, Utah
Lower Park Avenue Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ 12,741 | \$ 12,741 |
| Expenditures | | | | |
| Capital outlay | | | | |
| Land and building acquisition | - | 15,550 | 481,247 | (465,697) |
| Street and storm drain improvements | - | 39,845 | - | 39,845 |
| Building renovation and construction | - | 4,547,688 | 2,053,363 | 2,494,325 |
| Improvements other than building | 1,196,000 | 900,394 | 80,507 | 819,887 |
| City parks and cemetery improvements | 100,000 | 382,241 | 28,300 | 353,941 |
| Total expenditures | <u>1,296,000</u> | <u>5,885,718</u> | <u>2,643,417</u> | <u>3,242,301</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,296,000)</u> | <u>(5,885,718)</u> | <u>(2,630,676)</u> | <u>3,255,042</u> |
| Other financing sources (uses) | | | | |
| Debt issuance | - | - | - | - |
| Proceeds from sale of assets | 10,965,551 | 1,981,900 | 1,981,900 | - |
| Transfers in | 1,641,125 | 1,641,125 | 1,641,125 | - |
| Transfers out | - | (705,325) | (705,325) | - |
| Total other financing sources (uses) | <u>12,606,676</u> | <u>2,917,700</u> | <u>2,917,700</u> | <u>-</u> |
| Net change in fund balance | 11,310,676 | (2,968,018) | 287,024 | 3,255,042 |
| Fund balance - beginning | <u>61,453</u> | <u>23,654,658</u> | <u>741,825</u> | <u>(22,912,833)</u> |
| Fund balance - ending | <u>\$ 11,372,129</u> | <u>\$ 20,686,640</u> | <u>\$ 1,028,849</u> | <u>\$ (19,657,791)</u> |

Park City Municipal Corporation, Utah
Main Street Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ 17,021 | \$ 17,021 |
| Expenditures | | | | |
| Capital outlay | | | | |
| Improvements other than building | 450,000 | 520,062 | 12,159 | 507,903 |
| Equipment | - | 100,000 | 83,536 | 16,464 |
| Total expenditures | <u>450,000</u> | <u>620,062</u> | <u>95,695</u> | <u>524,367</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(450,000)</u> | <u>(620,062)</u> | <u>(78,674)</u> | <u>541,388</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 752,000 | 752,000 | 752,000 | - |
| Transfers out | (809,490) | (809,490) | (809,490) | - |
| Total other financing (uses) | <u>(57,490)</u> | <u>(57,490)</u> | <u>(57,490)</u> | <u>-</u> |
| Net change in fund balance | (507,490) | (677,552) | (136,164) | 541,388 |
| Fund balance - beginning | <u>1,106,080</u> | <u>1,354,063</u> | <u>1,212,938</u> | <u>(141,125)</u> |
| Fund balance - ending | <u>\$ 598,590</u> | <u>\$ 676,511</u> | <u>\$ 1,076,774</u> | <u>\$ 400,263</u> |

Park City Municipal Corporation, Utah
Municipal Building Authority Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ 6,155 | \$ 6,155 |
| Expenditures | | | | |
| Capital outlay-improvements other than building | - | 1,430 | 1,430 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | (1,430) | 4,725 | 6,155 |
| Net change in fund balance | - | (1,430) | 4,725 | 6,155 |
| Fund balance - beginning | 419,900 | 424,914 | 426,605 | 1,691 |
| Fund balance - ending | <u>\$ 419,900</u> | <u>\$ 423,484</u> | <u>\$ 431,330</u> | <u>\$ 7,846</u> |

Park City Municipal Corporation, Utah
Equipment Replacement Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures | | | | |
| Capital outlay - equipment | \$ 1,228,700 | \$ 2,196,425 | \$ 516,654 | \$ 1,679,771 |
| Other financing sources | | | | |
| Sale of capital assets | - | - | 80,989 | 80,989 |
| Transfers in | 1,073,700 | 1,073,700 | 1,073,700 | - |
| Total other financing sources | 1,073,700 | 1,073,700 | 1,154,689 | 80,989 |
| Net change in fund balance | (155,000) | (1,122,725) | 638,035 | 1,760,760 |
| Fund balance - beginning | 255,855 | 2,325,436 | 1,352,711 | (972,725) |
| Fund balance - ending | <u>\$ 100,855</u> | <u>\$ 1,202,711</u> | <u>\$ 1,990,746</u> | <u>\$ 788,035</u> |

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, Utah
Combining Statement of Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

| | <u>Fleet Services Fund</u> | <u>Self- Insurance Fund</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents and investments | \$ 1,148,852 | \$ 1,379,482 | \$ 2,528,334 |
| Accounts receivable | 88,578 | 8,685 | 97,263 |
| Inventories | 243,570 | - | 243,570 |
| Total current assets | <u>1,481,000</u> | <u>1,388,167</u> | <u>2,869,167</u> |
| Capital assets | | | |
| Vehicles and equipment | 47,450 | - | 47,450 |
| Accumulated depreciation | <u>(47,450)</u> | <u>-</u> | <u>(47,450)</u> |
| Net capital assets | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>1,481,000</u> | <u>1,388,167</u> | <u>2,869,167</u> |
| Deferred outflows of resources | | | |
| Deferred outflows of resources related to pensions | 269,680 | - | 269,680 |
| Total deferred outflows of resources | <u>269,680</u> | <u>-</u> | <u>269,680</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 199,392 | 224,523 | 423,915 |
| Accrued liabilities | 10,426 | - | 10,426 |
| Compensated absences | 11,232 | - | 11,232 |
| Total current liabilities | <u>221,050</u> | <u>224,523</u> | <u>445,573</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 60,040 | - | 60,040 |
| Net pension liability | 272,364 | - | 272,364 |
| Total noncurrent liabilities | <u>332,404</u> | <u>-</u> | <u>332,404</u> |
| Total liabilities | <u>553,454</u> | <u>224,523</u> | <u>777,977</u> |
| Deferred inflows of resources | | | |
| Deferred inflows of resources related to pensions | 318,594 | - | 318,594 |
| Total deferred inflows of resources | <u>318,594</u> | <u>-</u> | <u>318,594</u> |
| Total net position-unrestricted | <u>\$ 878,632</u> | <u>\$ 1,163,644</u> | <u>\$ 2,042,276</u> |

Park City Municipal Corporation, Utah
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

| | Fleet Services Fund | Self- Insurance Fund | Total |
|--|------------------------------------|-------------------------------------|----------------------------|
| Operating revenues-charges for services | <u>\$ 2,565,000</u> | <u>\$ 1,160,556</u> | <u>\$ 3,725,556</u> |
| Operating expenses | | | |
| Salaries and benefits | 979,286 | - | 979,286 |
| Supplies, maintenance and services | 719,021 | 790,832 | 1,509,853 |
| Energy and utilities | <u>829,582</u> | <u>-</u> | <u>829,582</u> |
| Total operating expenses | <u>2,527,889</u> | <u>790,832</u> | <u>3,318,721</u> |
| Income from operations and change in net position | <u>37,111</u> | <u>369,724</u> | <u>406,835</u> |
| Net position - beginning | 1,001,800 | 793,920 | 1,795,720 |
| Adjustment | <u>(160,279)</u> | <u>-</u> | <u>(160,279)</u> |
| Net position - beginning, as adjusted | <u>841,521</u> | <u>793,920</u> | <u>1,635,441</u> |
| Net position - ending | <u><u>\$ 878,632</u></u> | <u><u>\$ 1,163,644</u></u> | <u><u>\$ 2,042,276</u></u> |

Park City Municipal Corporation, Utah
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

| | Fleet Services Fund | Self- Insurance Fund | Total |
|---|------------------------------------|-------------------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | \$ 2,579,416 | \$ 1,151,871 | \$ 3,731,287 |
| Payments to suppliers | (1,449,637) | (1,102,413) | (2,552,050) |
| Payments to employees | (1,004,959) | - | (1,004,959) |
| Net cash provided by operating activities | <u>124,820</u> | <u>49,458</u> | <u>174,278</u> |
| Net increase in cash, cash equivalents and investments | 124,820 | 49,458 | 174,278 |
| Balances—beginning of the year | 1,024,032 | 1,330,024 | 2,354,056 |
| Balances—end of the year | <u>\$ 1,148,852</u> | <u>\$ 1,379,482</u> | <u>\$ 2,528,334</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 37,111 | \$ 369,724 | \$ 406,835 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Change in assets and liabilities: | | | |
| Receivables, net | 14,416 | (8,685) | 5,731 |
| Inventories | (51,290) | - | (51,290) |
| Accounts and other payables | 147,438 | (311,581) | (164,143) |
| Accrued expenses | (22,855) | - | (22,855) |
| Net cash provided by operating activities | <u>\$ 124,820</u> | <u>\$ 49,458</u> | <u>\$ 174,278</u> |

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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.

| Contents | Page |
|---|-------------|
| Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | |
| Net Position by Component | 112 |
| Changes in Net Position | 113 |
| Fund Balances of Governmental Funds | 115 |
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| Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, property tax, in addition to other types of tax revenues. | |
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| Assessed Value of Taxable Property Including Fee-In-Lieu | 119 |
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| Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
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| Direct and Overlapping Governmental Activities Debt | 128 |
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| Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| Demographic and Economic Statistics | 132 |
| Principal Employers | 133 |
| Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | |
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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 | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 (1) | 2013 | 2014 (1) | 2015 | 2016 (1) | 2017 (1) | 2018 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 104,268,572 | \$ 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 |
| Restricted | 16,373,427 | 8,409,654 | 4,523,349 | 1,300,187 | 756,943 | 6,914,189 | 12,914,983 | 7,923,222 | 7,608,790 | 13,011,345 |
| Unrestricted | 46,530,239 | 40,053,884 | 39,298,940 | 43,625,788 | 42,124,211 | 31,427,218 | 25,315,602 | 34,627,889 | 31,690,122 | 38,691,202 |
| Total governmental activities net position | <u>\$ 167,172,238</u> | <u>\$ 174,695,849</u> | <u>\$ 177,742,216</u> | <u>\$ 180,997,268</u> | <u>\$ 185,768,525</u> | <u>\$ 188,394,431</u> | <u>\$ 197,545,927</u> | <u>\$ 211,988,819</u> | <u>\$ 221,983,330</u> | <u>\$ 241,730,960</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 36,546,622 | \$ 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 |
| Restricted | 9,254,588 | 22,052,008 | 9,905,734 | 4,625,572 | 7,168,903 | 5,103,868 | 5,104,841 | 5,128,238 | 5,149,566 | 5,186,969 |
| Unrestricted | 17,152,620 | 234,871 | 11,465,665 | 18,103,004 | 16,869,063 | 20,587,531 | 24,110,275 | 22,449,523 | 21,356,820 | 13,415,099 |
| Total business-type activities net position | <u>\$ 62,953,830</u> | <u>\$ 67,831,452</u> | <u>\$ 72,609,109</u> | <u>\$ 79,596,293</u> | <u>\$ 81,776,146</u> | <u>\$ 84,580,711</u> | <u>\$ 90,280,000</u> | <u>\$ 91,750,666</u> | <u>\$ 117,549,435</u> | <u>\$ 122,858,824</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 140,815,194 | \$ 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 |
| Restricted | 25,628,015 | 30,461,662 | 14,429,083 | 5,925,759 | 7,925,846 | 12,018,057 | 18,019,824 | 13,051,460 | 12,758,356 | 18,198,314 |
| Unrestricted | 63,682,859 | 40,288,755 | 50,764,605 | 61,728,792 | 58,993,274 | 52,014,749 | 49,425,877 | 57,077,412 | 53,046,942 | 52,106,301 |
| Total primary government net position | <u>\$ 230,126,068</u> | <u>\$ 242,527,301</u> | <u>\$ 250,351,325</u> | <u>\$ 260,593,561</u> | <u>\$ 267,544,671</u> | <u>\$ 272,975,142</u> | <u>\$ 287,825,927</u> | <u>\$ 303,739,485</u> | <u>\$ 339,532,765</u> | <u>\$ 364,589,784</u> |

Notes:
(1) Restated.

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

| | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2009 | 2010 | 2011 | 2012 (1) | 2013 | 2014 (1) | 2015 | 2016 (1) | 2017 (1) | 2018 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 15,340,741 | \$ 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 |
| Public safety | 4,243,055 | 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 |
| Public works | 8,464,545 | 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 |
| Library and recreation | 3,234,338 | 3,252,784 | 3,146,783 | 3,707,452 | 4,194,025 | 4,408,912 | 4,618,338 | 5,671,823 | 5,843,178 | 5,726,489 |
| Interest on long-term debt | 1,767,188 | 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 |
| Total governmental activities expenses | <u>33,049,867</u> | <u>33,488,137</u> | <u>31,125,975</u> | <u>33,807,479</u> | <u>33,423,756</u> | <u>36,009,826</u> | <u>37,375,073</u> | <u>39,599,428</u> | <u>42,637,152</u> | <u>44,003,209</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 7,895,070 | 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 |
| Stormwater | - | - | - | - | - | - | - | - | 1,162,202 (10) | 921,138 |
| Transportation and parking | 7,167,411 | 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 |
| Golf course | 1,280,080 | 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 |
| Total business-type activities expenses | <u>16,342,561</u> | <u>19,810,468</u> | <u>18,893,620</u> | <u>20,466,878</u> | <u>22,005,063</u> | <u>23,499,302</u> | <u>24,186,666</u> | <u>26,277,307</u> | <u>29,642,649</u> | <u>35,382,919</u> |
| Total primary government expenses | <u>\$ 49,392,428</u> | <u>\$ 53,298,605</u> | <u>\$ 50,019,595</u> | <u>\$ 54,274,357</u> | <u>\$ 55,428,819</u> | <u>\$ 59,509,128</u> | <u>\$ 61,561,739</u> | <u>\$ 65,876,735</u> | <u>\$ 72,279,801</u> | <u>\$ 79,386,128</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 3,120,334 | \$ 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 |
| Public safety | 1,695 | 2,550 | 2,700 | 6,593 | 12,313 | 100 | - | 3,996 | 9,685 | 2,880 |
| Public works | 249,405 | 201,643 | 219,843 | 222,708 | 246,390 | 190,022 | 224,820 | 200,761 | 174,917 | 189,117 |
| Library and recreation | 1,236,024 | 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 |
| Operating grants and contributions | 111,044 | 88,142 | 126,759 | 151,111 | 350,352 | 165,147 | 121,866 | 145,704 | 187,166 | 161,075 |
| Capital grants and contributions | 3,163,329 | 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 |
| Total governmental activities program revenues | <u>7,881,831</u> | <u>11,762,972</u> | <u>3,793,811</u> | <u>5,071,756</u> | <u>5,358,984</u> | <u>7,452,226</u> | <u>8,754,913</u> | <u>5,705,095</u> | <u>7,946,312</u> | <u>15,462,657</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water | 7,233,359 | 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 |
| Stormwater | - | - | - | - | - | - | - | - | 979,419 (10) | 1,277,767 |
| Transportation and parking | 3,421,979 | 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 |
| Golf course | 994,049 | 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 |
| Operating grants and contributions | 1,186,122 | 3,219,683 | - | 3,681,732 | - | 1,649,174 | 1,602,990 | - | 2,813,864 | 2,307,083 |
| Capital grants and contributions | 4,095,971 | 4,449,296 | 6,367,580 | 4,856,335 | 2,373,881 | 3,353,572 | 4,186,198 | 1,956,426 | 14,612,633 | 2,439,682 |
| Total business-type activities program revenues | <u>16,931,480</u> | <u>19,725,596</u> | <u>19,158,321</u> | <u>22,974,782</u> | <u>19,696,550</u> | <u>23,125,475</u> | <u>25,327,550</u> | <u>22,799,983</u> | <u>42,024,201</u> | <u>34,941,795</u> |
| Total primary government program revenues | <u>\$ 24,813,311</u> | <u>\$ 31,488,568</u> | <u>\$ 22,952,132</u> | <u>\$ 28,046,538</u> | <u>\$ 25,055,534</u> | <u>\$ 30,577,701</u> | <u>\$ 34,082,463</u> | <u>\$ 28,505,078</u> | <u>\$ 49,970,513</u> | <u>\$ 50,404,452</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (25,168,036) | \$ (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) |
| Business-type activities | 588,919 | (84,872) | 264,701 | 2,507,904 | (2,308,513) | (373,827) | 1,140,884 | (3,477,324) | 12,381,552 | (441,124) |
| Total primary government net expense | <u>\$ (24,579,117)</u> | <u>\$ (21,810,037)</u> | <u>\$ (27,067,463)</u> | <u>\$ (26,227,819)</u> | <u>\$ (30,373,285)</u> | <u>\$ (28,931,427)</u> | <u>\$ (27,479,276)</u> | <u>\$ (37,371,657)</u> | <u>\$ (22,309,288)</u> | <u>\$ (28,981,676)</u> |

| | Fiscal Year | | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|
| | 2009 | 2010 | 2011 | 2012 (1) | 2013 | 2014 (1) | 2015 | 2016 (1) | 2017 (1) | 2018 | |
| General Revenues and Other Changes in Net Position | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | |
| Taxes | | | | | | | | | | | |
| Property tax, levied for general purposes | \$ 11,003,476 | \$ 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 | |
| Property tax, levied for debt service | 2,211,909 | 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 | |
| General sales and use tax | 3,881,142 | 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 | |
| Franchise tax | 2,720,272 | 2,774,319 | 2,906,982 | 2,816,070 | 3,037,407 | 3,158,716 | 3,061,207 | 3,185,820 | 3,194,392 | 3,147,847 | |
| Resort tax | 4,709,483 | 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 | |
| Investment earnings | 1,646,364 | 753,587 | 399,928 | 283,191 | 258,657 | 348,090 | 261,735 | 434,588 | 582,208 | 1,122,856 | |
| Miscellaneous | 874,055 | 1,124,367 | 1,022,968 | 944,093 | 1,203,599 | 1,594,150 | 804,286 | 492,730 | 4,856,960 | 1,776,504 | |
| Gain/Loss on sale of capital assets | (46,785) | - | 215,705 | - | - | - | - | 1,328,784 | - | - | |
| Transfers | - | (1,132,821) | (168,969) | - | - | - | 715,000 | 715,000 | (7,534,613) | 715,000 | |
| Total governmental activities | 26,999,916 | 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 | |
| Business-type activities: | | | | | | | | | | | |
| General sales and use tax | 2,436,838 | 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 | |
| Investments earnings | 543,562 | 339,629 | 438,221 | 247,058 | 196,237 | 358,535 | 367,709 | 327,289 | 402,924 | 372,627 | |
| Miscellaneous | 287,241 | 362,277 | 402,326 | 434,097 | 423,865 | 497,745 | 506,817 | 458,603 | 456,419 | 475,021 | |
| Transfers | - | 1,132,821 | 168,969 | - | - | - | (715,000) | (715,000) | 7,534,613 | (715,000) | |
| Total business-type activities | 3,267,641 | 4,962,494 | 4,512,956 | 4,479,280 | 4,488,366 | 4,875,413 | 4,558,405 | 4,947,990 | 13,627,150 | 5,750,513 | |
| Total primary government | \$ 30,267,557 | \$ 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 | |
| Change in Net Position | | | | | | | | | | | |
| Governmental activities | \$ 1,831,880 | \$ 6,199,244 | (2) \$ 3,046,367 | (3) \$ 3,255,052 | \$ 4,771,257 | \$ 7,897,689 | (4) \$ 9,151,496 | \$ 7,076,305 | (7) \$ 2,852,484 | (11) \$ 19,747,630 | (14) |
| Adjustment to governmental activities net position | - | - | - | - | - | (5,271,783) | (5) - | 7,366,587 | (9) 7,142,027 | (13) - | - |
| Business-type activities | 3,856,560 | 4,877,622 | 4,777,657 | 6,987,184 | 2,179,853 | 4,501,586 | 5,699,289 | 1,470,666 | (8) 26,008,702 | (12) 5,309,389 | (15) |
| Adjustment to business-type activities net position | - | - | - | - | - | (1,697,021) | (5) - | - | (13) (209,933) | - | - |
| Total primary government | \$ 5,688,440 | \$ 11,076,866 | \$ 7,824,024 | \$ 10,242,236 | \$ 6,951,110 | \$ 5,430,471 | \$ 14,850,785 | \$ 15,913,558 | \$ 35,793,280 | \$ 25,057,019 | |

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 and capital 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 | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General fund | | | | | | | | | | |
| Unreserved, undesignated | \$ 3,747,296 | \$ 3,894,972 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Nonspendable | | | | | | | | | | |
| Interfund loan | - | - | - | - | - | - | - | - | - | 86,867 |
| Inventory | - | - | - | - | - | - | - | - | - | 50,719 |
| 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 |
| Restricted - Drug and tobacco enforcement | - | - | 31,258 | 36,517 | 47,776 | 46,402 | 47,201 | 48,640 | 59,674 | 57,571 |
| Total general fund | <u>\$ 3,747,296</u> | <u>\$ 3,894,972</u> | <u>\$ 4,240,278</u> | <u>\$ 4,048,142</u> | <u>\$ 5,562,903</u> | <u>\$ 6,717,118</u> | <u>\$ 6,883,394</u> | <u>\$ 6,828,314</u> | <u>\$ 7,556,951</u> | <u>\$ 7,925,390</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Major capital projects funds-capital projects | \$ 11,384,726 | \$ 6,608,983 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Major debt service funds-capital projects | 4,104,881 | 1,115,930 | - | - | - | - | - | - | - | - |
| Major debt service | 204,089 | 3,880 | - | - | - | - | - | - | - | - |
| Nonmajor debt service funds-debt service | 679,731 | 680,861 | - | - | - | - | - | - | - | - |
| Unreserved, designated | | | | | | | | | | |
| Major capital projects funds | 40,220,685 (1) | 26,618,929 (1) | - | - | - | - | - | - | - | - |
| Nonmajor capital projects funds | 1,798,846 | 1,948,358 | - | - | - | - | - | - | - | - |
| Major debt service funds | 647,183 | 1,084,351 | - | - | - | - | - | - | - | - |
| Nonmajor debt service funds | 198,251 | 203,868 | - | - | - | - | - | - | - | - |
| Unreserved, undesignated | | | | | | | | | | |
| Major capital projects funds | 5,250,664 | 6,496,859 | - | - | - | - | - | - | - | - |
| Major debt service funds | (2,384,282) | - | - | - | - | - | - | - | - | - |
| Nonmajor capital projects funds | 570,697 | 1,215,873 | - | - | - | - | - | - | - | - |
| 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 |
| Debt service | - | - | 1,489 | 2,410 | 817 | 952 | 88,037 | 2,496 | 3,816 | 11,900 |
| 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 |
| Debt service funds | - | - | - | 1,713,903 | 1,480,633 | 1,557,901 | 2,236,514 | 1,816,767 | 1,778,077 | 1,856,470 |
| Special revenue funds | - | - | - | - | - | - | - | 516,758 | 785,600 | 1,591,335 |
| Total all other governmental funds | <u>\$ 62,675,471</u> | <u>\$ 45,977,892</u> | <u>\$ 40,565,756</u> | <u>\$ 34,612,763</u> | <u>\$ 33,660,551</u> | <u>\$ 40,766,656</u> | <u>\$ 44,987,036</u> | <u>\$ 45,057,295</u> | <u>\$ 38,778,083</u> | <u>\$ 55,139,889</u> |

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 \$4.8 million; fiscal year 2009-transfer of \$2.8 million; fiscal year 2010-transfer of \$1.6 million.
(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 | | | | | | | | | |
|---|-----------------------|------------------------|-----------------------|-----------------------|-------------------|---------------------|---------------------|-------------------|-----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | | | | | | | | | | |
| Taxes and special assessments | \$ 24,523,906 | \$ 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 |
| Licenses and permits | 1,702,201 | 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 |
| Intergovernmental | 601,868 | 690,912 | 775,791 | 627,433 | 1,404,276 | 1,818,822 | 5,346,423 | 3,288,064 | 4,044,959 | 6,214,905 |
| Charges for services | 1,785,328 | 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 |
| Fines and forfeitures | 43,825 | 40,562 | 28,833 | 29,404 | 35,342 | 21,648 | 14,206 | 26,902 | 42,834 | 35,327 |
| Investment income | 1,646,364 | 753,587 | 399,928 | 283,191 | 258,657 | 348,090 | 261,735 | 434,588 | 582,208 | 1,122,856 |
| Impact fees | 844,074 | 109,553 | 191,521 | 133,421 | 201,235 | 397,737 | 817,666 | 425,365 | 308,786 | 432,381 |
| Rental and other miscellaneous | 2,017,353 | 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 |
| Total revenues | <u>33,164,919</u> | <u>33,990,244</u> | <u>35,033,745</u> | <u>37,222,327</u> | <u>38,239,257</u> | <u>43,790,894</u> | <u>47,679,704</u> | <u>45,497,098</u> | <u>51,430,667</u> | <u>57,510,047</u> |
| Expenditures | | | | | | | | | | |
| General government | 9,290,488 | 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 |
| Public safety | 3,929,574 | 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 |
| Public works | 4,464,352 | 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 |
| Library and recreation | 2,581,640 | 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 |
| Debt Service | | | | | | | | | | |
| Principal retirement | 5,171,070 | 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 |
| Interest | 1,674,501 | 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 |
| Bond issuance costs | 261,213 | 137,262 | 51,663 | - | - | 123,931 | 503,979 | - | 155,239 | 223,553 |
| Arbitrage rebate | - | 31,874 | - | - | - | - | - | - | - | - |
| Capital outlay | 35,150,900 | 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 |
| Economic development | - | - | - | - | - | - | 405,435 | 951,268 | 864,697 | 870,588 |
| Total expenditures | <u>62,523,738</u> | <u>63,037,343</u> | <u>42,256,836</u> | <u>47,649,884</u> | <u>38,913,294</u> | <u>45,661,512</u> | <u>73,960,780</u> | <u>48,468,927</u> | <u>89,581,374</u> | <u>84,113,649</u> |
| Revenues (under) expenditures | (29,358,819) | (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) |
| Other financing sources (uses) | | | | | | | | | | |
| Debt issuance | 24,477,505 | 6,092,683 | - | - | - | 7,170,000 | 16,975,000 | - | 25,000,000 | 31,940,000 |
| Refunding bonds issued | 1,695,000 | 2,025,000 | 1,525,000 | - | - | 1,930,000 | 10,110,000 | - | - | - |
| Payment to refunded bondholders | (1,695,000) | - | (2,655,000) | - | - | (1,930,000) | - | - | - | - |
| Payment to refunded bond escrow agent | - | (2,055,334) | - | - | - | - | - | - | - | - |
| Premium on debt issuance | 270,712 | 89,739 | - | - | - | 92,774 | 773,546 | - | 2,863,698 | 3,287,871 |
| Premium on refunding bonds | - | 59,922 | 33,592 | - | - | 50,769 | 673,841 | - | - | - |
| Payment received on note | - | - | - | - | - | 1,375,000 | - | - | - | - |
| Discount on debt issuance | (25,209) | - | - | - | - | - | - | - | - | - |
| Sale of capital assets | 16,515 | 4,155,231 | 1,124,436 | 2,290,798 | 17,586 | 146,554 | 23,811 | 755,648 | 2,363,887 | 5,553,794 |
| Transfers in | 30,892,855 | 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 |
| Transfers out | (28,768,442) | (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) |
| Total other financing sources | <u>26,863,936</u> | <u>12,497,196</u> | <u>2,156,261</u> | <u>4,282,428</u> | <u>1,236,586</u> | <u>10,130,938</u> | <u>30,667,732</u> | <u>2,987,008</u> | <u>32,600,132</u> | <u>43,333,847</u> |
| Net change in fund balances | \$ <u>(2,494,883)</u> | \$ <u>(16,549,903)</u> | \$ <u>(5,066,830)</u> | \$ <u>(6,145,129)</u> | \$ <u>562,549</u> | \$ <u>8,260,320</u> | \$ <u>4,386,656</u> | \$ <u>15,179</u> | \$ <u>(5,550,575)</u> | \$ <u>16,730,245</u> |
| Debt Service as a percentage of noncapital expenditures | 21% | 24% | 23% | 21% | 19% | 19% | 40% | 17% | 20% | 34% |

Schedule 5
Park City Municipal Corporation, Utah
General Government Tax Revenues by Source (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | Property Tax | Sales and Use Tax | Franchise Tax | Resort Tax | Total |
|--------------------|---------------------|--------------------------|----------------------|-------------------|-------------------|
| 2009 | \$ 9,148,584 | \$ 3,881,142 | \$ 2,720,272 | \$ 4,709,483 | \$ 20,459,481 |
| 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 | 3,022,250 | 23,113,184 |
| 2012 | 14,545,369 | 4,125,435 | 2,816,070 | 3,643,231 | 25,130,105 |
| 2013 | 14,601,807 | 4,187,472 | 3,037,407 | 3,461,728 | 25,288,414 |
| 2014 | 14,361,738 | 4,347,534 | 3,158,716 | 2,966,879 | 24,834,867 |
| 2015 | 14,590,197 | 4,731,904 | 3,061,207 | 2,676,858 | 25,060,166 |
| 2016 | 14,832,024 | 5,180,094 | 3,185,820 | 2,257,164 | 25,455,102 |
| 2017 | 14,953,711 | 5,620,687 | 3,194,392 | 4,242,815 | 28,011,605 |
| 2018 | 17,107,856 | 5,915,331 | 3,147,847 | 7,332,584 | 33,503,618 |
| Change: | | | | | |
| 2009-2018 | 87.0% | 52.4% | 15.7% | 55.7% | 63.8% |

Note:

(1) Includes general fund and debt service funds.

Schedule 6
Park City Municipal Corporation, Utah
Assessed Value of Taxable Property Excluding Fee-In-Lieu
Summit and Wasatch Counties Combined (1)
Last Ten Calendar Years
(in thousands of dollars)

| <u>Calendar Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Miscellaneous Property</u> | <u>Total Assessed Value</u> | <u>Total Estimated Actual Value of Taxable Property</u> | <u>Total Direct Tax Rate</u> |
|----------------------|-----------------------------|----------------------------|-------------------------------|-----------------------------|---|------------------------------|
| 2008 | \$ 7,875,426 | \$ 516,851 | \$ 401,060 | \$ 8,793,337 | \$ 9,962,881 | 0.001779 % |
| 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 |

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> |
|----------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----|-----------------------------|
| 2008 | \$ 7,875,426 | \$ 516,851 | \$ 401,060 | \$ 13,943 | | \$ 8,807,280 |
| 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 |

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 | | | | | | | | | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Apparel stores | \$ 23,627 | \$ 19,710 | \$ 21,833 | \$ 25,919 | \$ 24,069 | \$ 22,927 | \$ 25,777 | \$ 35,245 | \$ 34,510 | \$ 65,299 |
| Food stores | 66,801 | 60,784 | 60,269 | 64,592 | 67,066 | 56,238 | 57,809 | 60,862 | 64,630 | 67,490 |
| Sporting goods, hobby, book and music | 33,633 (1) | 29,779 | 35,891 | 40,163 | 38,638 | 40,609 | 40,524 | 43,363 | 45,380 | 47,282 |
| Home furnishings and appliances | 13,717 | 12,363 | 21,785 | 21,745 | 20,849 | 12,394 | 12,730 | 12,735 | 14,806 | 12,250 |
| Building materials and farm tools | 7,008 | 4,871 | 2,735 | 2,704 | 2,819 | 3,654 | 3,652 | 5,695 | 6,199 | 4,750 |
| Miscellaneous retail stores | 28,323 | 23,798 | 26,427 | 26,894 | 27,985 | 25,884 | 29,162 | 30,691 | 31,403 | 13,044 |
| All other outlets | <u>11,156</u> | <u>6,953</u> | <u>3,698</u> | <u>3,484</u> | <u>3,674</u> | <u>4,452</u> | <u>4,329</u> | <u>4,283</u> | <u>5,240</u> | <u>1,989</u> |
| Total | \$ <u>184,265</u> | \$ <u>158,258</u> | \$ <u>172,638</u> | \$ <u>185,501</u> | \$ <u>185,100</u> | \$ <u>166,158</u> | \$ <u>173,983</u> | \$ <u>192,874</u> | \$ <u>202,168</u> | \$ <u>212,104</u> |
| City direct sales tax rate | 2.40 % | 2.40 % | 2.40 % | 2.40 % | 2.40 % | 2.90 % | 2.90 % | 2.90 % | 2.90 % | 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 |
|---------------|-------------------|-----------------|-----------------|--------------------|-----------------------------|-------------------|-----------------|------------------|-------------------------------|------------------------------------|
| | Basic Rate | Debt Service | Total Direct | Summit County Levy | State Assessment/Collecting | Weber Basin Water | Park City Fire | Park City School | Summit Co. Mosquito Abatement | |
| 2008 | 0.001125 | 0.000654 | 0.001779 | 0.000753 | 0.000182 | 0.000181 | 0.000846 | 0.003895 | 0.000034 | 0.007670 |
| 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 |

Tax Rate (per \$1 of taxable value)

Source: Summit County property tax notices.

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

Schedule 10
Park City Municipal Corporation, Utah
Direct and Overlapping Sales Tax Rates
Last Ten Calendar Years

| <u>Calendar Year</u> | <u>City Direct Rate</u> | <u>Summit County</u> | <u>State of Utah</u> | <u>Total</u> |
|----------------------|-------------------------|----------------------|----------------------|--------------|
| 2009 | 2.40 % | 0.35 % | 4.70 % | 7.45 % |
| 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 |

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.

Schedule 11
Park City Municipal Corporation, Utah
Principal Property Taxpayers
Current Year and Nine Years Ago

| Taxpayer | 2018 | | | 2009 | | |
|--|------------------------|------|---|------------------------|------|---|
| | 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) | \$ 202,580,000 | 1 | 2.20 % | \$ 28,000,000 | 3 | 0.41 % |
| Marriott Ownership Resorts | 115,941,590 | 2 | 1.26 | 141,504,078 | 1 | 2.09 |
| VR CPC Holdings Inc. (Vail Resorts) | 31,736,817 | 3 | 0.35 | - | - | - |
| Redus Park City LLC | 27,058,160 | 4 | 0.29 | - | - | - |
| Deer Valley Resort | 26,261,770 | 5 | 0.29 | 43,108,727 | 2 | 0.64 |
| Chateaux at Silver Lake | 21,900,400 | 6 | 0.24 | - | - | - |
| Silver Lake Development Corp. | 19,540,360 | 7 | 0.21 | - | - | - |
| HA Daisy Yoonhee Trustee | 16,630,000 | 8 | 0.18 | - | - | - |
| Various Timeshare Properties | 16,275,000 | 9 | 0.18 (1) | - | - | - |
| AG-WIP 333 Main Street Owner LLC | 15,557,750 | 10 | 0.17 | - | - | - |
| Spring Canyon Associates | - | - | - | 18,905,068 | 4 | 0.28 |
| Sunshine Sidewinder LLC | - | - | - | 13,206,018 | 5 | 0.19 |
| Prospector Plaza | - | - | - | 12,385,989 | 6 | 0.18 |
| Yarrow Hotel | - | - | - | 11,069,797 | 7 | 0.16 |
| Snow Creek Center LLC | - | - | - | 8,457,601 | 8 | 0.12 |
| PacifiCorp | - | - | - | 7,482,828 | 9 | 0.11 |
| Park Meadows Club Inc. | - | - | - | 6,219,961 | 10 | 0.09 |
| Totals | \$ <u>493,481,847</u> | | <u>5.37</u> % | \$ <u>290,340,067</u> | | <u>4.27</u> % |

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 | Original Levy (1) | Adjusted Levy | Collected Within the Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | | |
|--------------------------|----------------------|-------------------|--|--------------------------------|---------------------------------------|---------------------------|------------------------|--|
| | | | Amount (2) | Percent of Adjusted Levy | | Amount (2) | Percent of Net Levy | |
| Summit County | | | | | | | | |
| 2008 | \$ 9,714,765 | \$ 9,682,178 | \$ 8,972,113 | 92.67 % | \$ 710,065 | \$ 9,674,827 | 99.92 % | |
| 2009 | 12,401,579 | 12,194,585 | 11,379,638 | 93.32 | 814,947 | 12,182,628 | 99.90 | |
| 2010 | 12,984,657 | 12,918,445 | 12,060,672 | 93.36 | 857,773 | 12,899,839 | 99.86 | |
| 2011 | 12,750,981 | 14,170,463 | 13,579,302 | 95.83 | 591,161 | 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 | - | 17,167,415 | 99.42 | |
| Wasatch County | | | | | | | | |
| 2008 | \$ 193,390 | \$ 157,195 | \$ 157,195 | 100.00 % | \$ - | \$ 157,195 | 100.00 % | |
| 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 | - | 570,783 | 98.07 | |
| 2017 | 639,263 | 638,195 | 631,220 | 98.91 | - | 633,356 | 99.24 | |

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> |
| 2008 | \$ 9,839,373 | \$ 9,129,308 | 92.78 % | \$ 710,065 | \$ 9,832,022 | 99.93 % |
| 2009 | 12,482,145 | 11,667,198 | 93.47 | 814,947 | 12,470,188 | 99.90 |
| 2010 | 13,630,425 | 12,772,652 | 93.71 | 857,773 | 13,611,819 | 99.86 |
| 2011 | 14,691,887 | 14,100,726 | 95.98 | 591,161 | 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 | 15,523,162 | 99.80 |
| 2017 | 17,906,037 | 17,798,635 | 99.40 | - | 17,800,771 | 99.41 |

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

Notes:

- (1) Includes general fund and debt service funds.
- (2) Increase was due to miscoding, by Summit County, of a large portion of Flagstaff Annexation, which was corrected in calendar year 2013, and property taxes paid.

Schedule 14
Park City Municipal Corporation, Utah
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | | Business-type Activities | | Percentage of Personal Income (2) | Per Capita (2) |
|-------------|------------------------------|---------------------|-------------------------------|------------------------------|-------------------|--------------------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds (1) | Redevelopment Bonds | Sales Tax Increment Bonds (1) | Municipal Building Authority | Contracts Payable | Water Bonds (1) | Total Primary Government | | |
| 2009 | \$ 36,015,000 (3) | \$ 3,100,000 | \$ 13,235,000 | \$ 2,102,298 | \$ 529,660 | \$ 9,443,000 | \$ 64,424,955 | 2.97 % | \$ 8,073 |
| 2010 | 39,375,000 (5) | 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 (6) | 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 (7) | 85,520,933 | 3.52 | 11,332 |
| 2013 | 29,385,000 | - | 8,965,000 | - | 2,760,053 | 44,810,000 (8) | 85,920,053 | 3.17 | 11,156 |
| 2014 | 32,615,000 (9) | - | 7,765,000 | - | 2,679,557 | 46,215,000 (10) | 89,274,557 | 3.20 | 11,339 |
| 2015 | 28,850,000 (11) | - | 23,115,000 (12) | - | 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 (13) | - | 19,755,000 | - | - | 37,565,000 | 104,655,000 | 3.93 | 12,611 |
| 2018 | 42,390,000 | - | 48,015,000 (14) | - | - | 34,450,000 | 124,855,000 | 3.51 | 14,903 |

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 2008 for \$10 million and Series 2009 for \$13.5 million in fiscal year 2009.

(4) The City issued Water Revenue Bonds Series 2009 and 2010 for \$37.9 million in fiscal year 2010.

(5) The City issued GO Bonds Series 2010 for \$8.0 million in fiscal year 2010.

(6) The City issued Sales Tax Bonds Series 2010 for \$1.5 million in fiscal year 2011.

(7) The City issued Water Revenue Bonds Series 2012 for \$4.2 million in fiscal year 2012.

(8) The City issued Water Revenue Bonds Series 2012B, 2013A and 2013B for \$8.6 million in fiscal year 2013.

(9) The City issued GO Bonds Series 2013 for \$9.1 million in fiscal year 2014.

(10) The City issued Water Revenue Bonds Series 2014 for \$4.1 million in fiscal year 2014.

(11) The City issued GO Bonds Series 2014 for \$3.385 million in fiscal year 2015.

(12) The City issued Sales Tax Bonds Series 2014A for \$6.725 million, Series 2014B for \$5.375 million, and Series 2015 for \$11.6 million in fiscal year 2015.

(13) The City issued GO Bonds Series 2017 for \$27.85 million in fiscal year 2017.

(14) The City issued Sales Tax Bonds Series 2017 for \$31.94 million, in fiscal year 2018.

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

| Fiscal Year | General Bonded Debt | | | Percentage of Actual Property Value (2) | Per Capita (3) |
|--------------------|-------------------------------------|----------------------------|-------------------|--|-----------------------|
| | General Obligation Bonds (1) | Redevelopment Bonds | Total | | |
| 2009 | \$ 36,015,000 | \$ 3,100,000 | \$ 39,115,000 | 0.39 % | \$ 4,902 |
| 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 |

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, 2018

| <u>Governmental Unit</u> | <u>Net Debt Outstanding</u> | <u>Estimated Percentage Applicable to Park City (1)</u> | <u>Estimated Amount Applicable to Park City</u> |
|--|---------------------------------|---|---|
| Debt repaid with property taxes | | | |
| Snyderville Basin Recreation District Tax District | \$ 30,335,000 | 11.47 % | \$ 3,479,425 |
| Wasatch County | 1,655,000 | 3.96 | 65,538 |
| Wasatch County School District | 106,750,788 | 3.96 | 4,227,331 |
| Weber Basin Water Conservancy District | 12,725,000 | 14.63 | 1,861,668 |
| Other debt | | | |
| Summit County | 12,050,000 | 44.50 | 5,362,250 |
| Wasatch County | 7,525,000 | 3.96 | 297,990 |
| Subtotal, overlapping debt | | | 15,294,202 |
| City direct debt | | | <u>90,405,000</u> |
| Total direct and overlapping | | | <u>\$ 105,699,202</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 | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Debt limit | \$ 271,346,097 | \$ 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 |
| Total net debt applicable to limit | <u>36,015,000</u> | <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> |
| Legal debt margin | <u>\$ 235,331,097</u> | <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> |
| Total net debt applicable to the limit as a percentage of debt limit | 13.27% | 16.21% | 13.20% | 12.33% | 10.92% | 11.62% | 9.82% | 8.19% | 14.38% | 12.26% |

Legal Debt Margin Calculation for Fiscal Year 2018

| | |
|---|--------------------------------|
| Total assessed value | <u>\$ 8,647,347,105</u> |
| Debt limit - 4.0% of total assessed value | \$ 345,893,884 |
| Amount of debt applicable to debt limits: | |
| General Obligation Bonds 2008, 2009, 2010A, 2010B, 2013A, 2013B, 2014, and 2017 | 42,390,000 |
| Less: Amount available for repayment of general obligation bonds | <u>-</u> |
| Total net debt applicable to limit | <u>42,390,000</u> |
| Legal debt margin | <u>\$ 303,503,884</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> | | |
| 2009 | \$ 8,590,625 | \$ 1,830,000 | \$ 597,787 | 3.5 | |
| 2010 | 8,474,078 | 1,400,000 | 528,962 | 4.4 | |
| 2011 | 6,988,804 | 1,445,000 | 501,680 | 3.6 | |
| 2012 | 7,768,666 | 1,785,000 | 465,813 | 3.5 | |
| 2013 | 7,649,200 | 1,165,000 | 401,587 | 4.9 | |
| 2014 | 7,314,413 | 1,200,000 | 359,863 | 4.7 | |
| 2015 | 7,408,762 | 8,350,000 | 383,012 | 0.8 | |
| 2016 | 7,437,258 | 1,810,000 | 782,290 | 2.9 | |
| 2017 | 9,863,502 | 1,550,000 | 705,380 | 4.4 | |
| 2018 | 13,247,915 | 3,680,000 | 1,351,082 | 2.6 | |

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, 2018

| | Coverage Ratio | | |
|---------------------------------------|-------------------|----------------|------|
| | <u>Actual</u> | <u>Minimum</u> | |
| Net revenues (change in net position) | \$ 5,484,037 | | |
| Add | | | |
| Excluded transfer to general fund | 1,493,450 | | |
| Depreciation and amortization | 3,446,940 | | |
| Bond interest expense | 1,130,644 | | |
| Revenues pledged to debt | <u>11,555,071</u> | 2.72 | 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 | 1,720,000 | 22,190 | 1,742,190 |
| 2009C Water Revenue Bonds | - | 510,888 | 510,888 |
| 2010 Water Revenue Bonds | 790,000 | 243,699 | 1,033,699 |
| 2012 Water Revenue Bonds | 255,000 | 74,970 | 329,970 |
| 2012B Water Revenue and Refunding Bonds | - | 118,318 | 118,318 |
| 2013 A and B Water Revenue and Refunding Bonds | 225,000 | 40,687 | 265,687 |
| 2014 Water Revenue Bonds | - | 117,392 | 117,392 |
| | <u>\$ 3,115,000</u> | <u>\$ 1,130,644</u> | <u>\$ 4,245,644</u> |

Less water development fees and capital contributions collected in fiscal year 2018 (1,255,340)

Net revenues less development fees and capital contributions \$ 10,299,731 2.43 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 |
|------|--------------------------|---|--------------------------|-------------|--|------------------|-------------|
| 2009 | \$ 2,394,583 | \$ 2,105,634 | \$ 1,101,423 | 1.91 | \$ 4,809,939 | \$ 1,101,423 | 4.37 |
| 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 |

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

| Fiscal Year | Population | Personal Income (thousands of dollars) (1) | Per Capita Personal Income (1) | Median Age | School Enrollment | Unemployment Rate (1) |
|--------------------|-------------------|---|---------------------------------------|-------------------|--------------------------|------------------------------|
| 2009 | 7,980 | \$ 2,171,400 | \$ 60,233 | 34.6 | 4,477 | 6.0 % |
| 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 |

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 | 2018 (1) | | | | 2009 (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) | 999 | 500 | 1 | 4.06 % | 1,964 | 200 | 1 | 17.38 % |
| Park City Mountain Resort | 999 | 500 | 2 | 4.06 | 982 | 155 | 2 | 8.69 |
| Park City School District | 713 | 692 | 3 | 2.90 | 809 | 604 | 3 | 7.16 |
| Park City Municipal Corporation | 632 | 547 | 4 | 2.57 | 502 | 405 | 4 | 4.44 |
| Stein Eriksen Lodge | 619 | 425 | 5 | 2.52 | 420 | 290 | 6 | 3.72 |
| Montage Hotels & Resorts, LLC | 499 | 250 | 6 | 2.03 | - | - | - | - |
| IHC/Park City Surgical Center | 499 | 250 | 7 | 2.03 | - | - | - | - |
| High West Saloon, LLC | 249 | 100 | 8 | 1.01 | - | - | - | - |
| Hotel Park City | 249 | 100 | 9 | 1.01 | - | - | - | - |
| United States Ski & Snowboard Association | 99 | 50 | 10 | 0.40 | - | - | - | - |
| Premier Resorts of Utah | - | - | - | - | 479 | 250 | 5 | 4.24 |
| Park City Marriott (Olympia Park Hotel) | - | - | - | - | 225 | 110 | 7 | 1.99 |
| Jan's | - | - | - | - | 198 | 55 | 8 | 1.75 |
| Marriott Resorts | - | - | - | - | 168 | 125 | 9 | 1.49 |
| Fresh Market (Albertson's) | - | - | - | - | 147 | 60 | 10 | 1.30 |
| Total | 5,557 | 3,414 | | 22.59 % | 5,894 | 2,254 | | 52.16 % |

- Notes:
- (1) Current numbers are from respective employers and Utah Department of Workforce Services.
 - (2) Prior year numbers are from Summit County and Utah Department of Workforce Services.
 - (3) Percentage is based on the maximum number of employees in the range divided by the total labor force of Summit County.

Schedule 22
Park City Municipal Corporation, Utah
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---------------------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Full-time Equivalent Employees | | | | | | | | | | |
| General government | | | | | | | | | | |
| Executive | 3.5 | 4.5 | 4.5 | 5.1 | 5.5 | 5.1 | 4.0 | 4.0 | 4.1 | 4.6 |
| Finance | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.7 | 6.7 | 6.7 | 6.7 | 6.6 |
| Human resources | 7.0 | 7.0 | 6.9 | 6.9 | 5.3 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |
| Budget, debt and grants | 3.0 | 2.0 | 2.0 | 2.0 | 1.3 | 3.0 | 3.3 | 3.3 | 3.3 | 3.3 |
| Planning | 7.0 | 7.0 | 6.0 | 7.0 | 7.0 | 8.0 | 9.0 | 9.2 | 9.7 | 10.0 |
| Building | 15.8 | 15.8 | 14.8 | 13.0 | 13.0 | 13.0 | 15.0 | 16.0 | 17.3 | 17.6 |
| Engineering | 2.5 | 3.0 | 3.0 | 2.8 | 2.7 | 2.8 | 2.8 | 4.0 | 4.3 | 4.8 |
| Legal | 7.8 | 7.8 | 7.8 | 7.8 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Sustainability | - | 6.0 (1) | 6.0 | 9.8 | 9.7 | 10.9 | 11.3 | 11.3 | 12.3 | 13.8 |
| I.T. | - | - | 9.8 (2) | 9.8 | 10.8 | 9.5 | 9.5 | 9.5 | 9.5 | 8.5 |
| Other | 23.3 | 14.9 | 5.5 | 5.0 | 5.1 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Public safety | | | | | | | | | | |
| Police | 34.8 | 35.2 | 34.9 | 34.0 | 33.9 | 34.6 | 34.0 | 34.0 | 36.5 | 41.1 |
| Communication center | 9.0 | 10.0 | 10.0 | 10.0 | 10.4 | 10.4 | 10.4 | 10.4 | 10.4 | 2.5 |
| Other | 1.2 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Public works | | | | | | | | | | |
| Transit | 73.8 | 76.3 | 81.8 | 82.5 | 82.9 | 80.8 | 77.2 | 75.6 | 75.7 | 107.8 (6) |
| Fleet services | 8.5 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 9.4 | 9.8 | 9.8 | 9.9 |
| Parking | - | - | - | - | - | 7.8 (3) | 8.0 | 8.2 | 8.2 | 10.5 |
| Street maintenance | 15.6 | 16.7 | 17.5 | 17.5 | 17.5 | 17.4 | 17.3 | 17.0 | 14.8 | 15.3 |
| Parks and cemetery | 18.8 | 17.2 | 17.3 | 18.8 | 18.2 | 18.2 | 18.6 | 19.0 | 19.0 | 19.0 |
| Administration | 2.5 | 2.5 | - | - | - | - | - | - | - | |
| Other | 10.9 | 10.7 | 9.6 | 9.6 | 9.6 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Library and recreation | | | | | | | | | | |
| Library | 11.2 | 11.2 | 11.2 | 11.4 | 11.4 | 11.4 | 11.4 | 11.9 | 12.3 | 13.0 |
| Golf | 6.8 | 6.3 | 5.7 | 5.5 | 5.4 | 5.2 | 6.0 | 6.0 | 7.8 | 7.8 |
| Recreation | 28.1 | 28.3 | 27.4 | 27.3 | 29.9 | 29.7 | 28.2 | 28.2 | 29.3 | 27.8 |
| Tennis | 7.7 | 7.7 | 6.9 | 7.4 | 7.9 | 4.0 | 4.7 | 4.7 | 4.7 | 5.2 |
| Ice | 10.4 | 11.4 | 11.0 | 11.0 | 9.0 | 8.4 | 11.4 | 11.3 | 12.3 | 11.3 |
| Water | | | | | | | | | | |
| Water billing | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - (4) | - | - | - |
| Water operations | 16.5 | 17.5 | 17.5 | 17.6 | 21.9 | 21.9 | 23.0 | 24.4 | 26.5 | 27.5 |
| Stormwater | | | | | | | | | | |
| Stormwater operations | - | - | - | - | - | - | - | - | 6.1 (5) | 6.6 |
| Total | 333.5 | 336.2 | 334.4 | 339.1 | 342.7 | 345.4 | 349.8 | 353.1 | 369.2 | 403.1 |

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.

Schedule 23
Park City Municipal Corporation, Utah
Population Statistics

| Census: | Calendar Year | Park City Population | Percent Change from Prior Period | Summit County Population | Percent Change from Prior Period |
|----------------|--------------------------|---------------------------------|---|-------------------------------------|---|
| | 1950 | 2,254 | - % | 6,745 | - % |
| | 1960 | 1,366 | (39.40) | 5,673 | (15.89) |
| | 1970 | 1,193 | (12.66) | 5,879 | 3.63 |
| | 1980 | 2,823 | 136.63 | 10,198 | 73.46 |
| | 1990 | 4,430 | 56.93 | 15,518 | 52.17 |
| | 2000 | 6,500 | 46.73 | 29,736 | 91.62 |
| | 2010 | 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 |

Age distribution of 2016 population:

| Age | Number | Percent |
|---------------|---------------|-----------------|
| Under 5 Years | 503 | 6.00 % |
| 5-14 | 770 | 9.19 |
| 15-24 | 1,001 | 11.95 |
| 25-34 | 1,444 | 17.24 |
| 35-44 | 837 | 9.99 |
| 45-54 | 1,501 | 17.92 |
| 55-64 | 1,277 | 15.24 |
| 65-74 | 836 | 9.98 |
| 75 and over | 209 | 2.49 |
| | 8,378 | 100.00 % |

Median age: 40.6

Sources:

- U.S. Census Bureau, 2012-2016 American Community Survey
- 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> | |
|--------------------|------------------------------------|-----------------------------|--------------------------|---|
| 2009 | 3,037 | 7,980 | 38 | % |
| 2010 | 2,978 | 8,123 | 37 | |
| 2011 | 3,555 | 7,596 | 47 | |
| 2012 | 3,788 | 7,547 | 50 | |
| 2013 | 4,059 | 7,702 | 53 | |
| 2014 | 4,389 | 7,873 | 56 | |
| 2015 | 4,640 | 8,058 | 58 | |
| 2016 | 5,701 | 8,128 | 70 | |
| 2017 | 6,755 | 8,299 | 81 | |
| 2018 | 7,333 | 8,378 | 88 | |

Sources:
 Park City Finance Department

Note:
 (1) Starting in 2017 the City began using total licensed nightly rental bedrooms 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 | % Change From Prior Year | Total Pledged Taxes | % Change From Prior Year |
|--------------------|--------------------------------------|---------------------------------|---------------------------|---------------------------------|----------------------------|---------------------------------|
| 2009 | \$ 3,881,142 | (4.1) % | \$ 4,709,483 | 8.7 % | \$ 8,590,625 | (6.7) % |
| 2010 | 3,990,274 | 2.8 | 4,483,804 | (4.8) | 8,474,078 | (1.4) |
| 2011 | 3,966,554 | (0.6) | 5,022,250 | 12.0 | 8,988,804 | 6.1 |
| 2012 | 4,125,435 | 4.0 | 5,443,231 | 8.4 | 9,568,666 | 6.5 |
| 2013 | 4,187,472 | 1.5 | 5,561,728 (1) | 2.2 | 9,749,200 | 1.9 |
| 2014 | 4,347,534 | 3.8 | 9,151,788 (2) | 64.5 | 13,499,322 | 38.5 |
| 2015 | 4,731,904 | 8.8 | 10,066,040 | 10.0 | 14,797,944 | 9.6 |
| 2016 | 5,180,094 | 9.5 | 11,154,870 | 10.8 | 16,334,964 | 10.4 |
| 2017 | 5,620,687 | 8.5 | 12,253,267 | 9.8 | 17,873,954 | 9.4 |
| 2018 | 5,915,331 | 5.2 | 14,491,767 | 18.3 | 20,407,098 | 14.2 |

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.

Schedule 26
Park City Municipal Corporation, Utah
Operating Indicators by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|-----------|-----------|-----------|-----------|------------|------------|------------|-----------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Police | | | | | | | | | | |
| Physical arrests | 528 | 577 | 583 | 468 | 616 | 623 | 516 | 506 | 449 | 426 |
| Parking citations | 568 | 295 | 102 | 342 | 326 | 219 | 282 | 236 | 291 | 129 |
| Traffic citations | 2,546 | 2,044 | 1,984 | 963 | 950 | 904 | 454 | 966 | 712 | 697 |
| Public works | | | | | | | | | | |
| Street resurfacing (tons of asphalt) | 3,301 | 3,810 | 5,500 | 4,616 | 4,616 | 5,133 | 5,526 | 6,034 | 5,486 | 6,500 |
| Potholes repaired | 200 | 250 | 275 | 235 | 230 | 240 | 210 | 380 | 400 | 200 |
| Water | | | | | | | | | | |
| Number of customers | 5,095 | 5,122 | 5,161 | 5,171 | 5,180 | 5,203 | 5,226 | 5,230 | 5,276 | 5,331 |
| New connections | 80 | 27 | 26 | 10 | 22 | 37 | 42 | 56 | 56 | 75 |
| Water main breaks | 10 | 10 | 10 | 23 | 12 | 12 | 15 | 25 | 12 | 14 |
| Average daily consumption (Tgal) | 4,390 | 4,119 | 4,152 | 4,915 | 4,822 | 4,660 | 4,430 | 4,647 | 4,890 | 3,475 |
| Peak daily consumption (Tgal) | 8,682 | 8,527 | 8,120 | 8,529 | 8,873 | 8,820 | 7,786 | 7,767 | 8,660 | 5,839 |
| Average monthly billings (3/4" meter) | 47.99 | 54.68 | 54.82 | 57.61 | 82.51 | 86.22 | 88 | 83.32 | 105.87 | 90.63 |
| Residential billing rates | | | | | | | | | | |
| Base rate (per 3/4" meter) | 20.86 | 23.36 | 25.23 | 28.26 | 33.35 | 39.35 | 44 | 44.07 | 44.95 | 47.65 |
| Base rate (per 1" meter) | 28.16 | 31.54 | 34.06 | 45.02 | 45.02 | 53.12 | 59 | 59.49 | 60.68 | 64.32 |
| Base rate (per 1-1/2" meter) | 33.39 | 37.40 | 40.39 | 53.38 | 53.38 | 62.99 | 71 | 70.55 | 71.96 | 76.28 |
| Rate per Tgal (winter months only) | 3.65 | 4.09 | 4.42 | 5.84 | 5.84 | 6.89 | 8 | 7.72 | 5.60 | 5.94 |
| Commercial billing rates | | | | | | | | | | |
| Base rate (per 3/4" meter) | 27.12 | 30.37 | 32.80 | 43.35 | 43.35 | 51.15 | 57 | 57.29 | 58.44 | 61.95 |
| Base rate (per 1" meter) | 45.88 | 51.39 | 55.50 | 73.35 | 73.35 | 86.55 | 97 | 96.94 | 98.88 | 104.81 |
| Base rate (per 1-1/2" meter) | 98.02 | 109.78 | 118.56 | 156.69 | 156.69 | 184.89 | 207 | 207.08 | 211.22 | 223.89 |
| Base rate (per 2" meter) | 204.40 | 228.93 | 247.24 | 326.75 | 326.75 | 385.57 | 432 | 431.84 | 440.48 | 466.91 |
| Base rate (per 3" meter) | 531.89 | 595.72 | 643.38 | 850.30 | 850.30 | 1,003.35 | 1,124 | 1,123.75 | 1,146.23 | 1,215.15 |
| Base rate (per 4" meter) | 965.72 | 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 |
| Base rate (per 6" meter) | 1,820.90 | 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 |
| Base rate (per 8" meter) | 3,134.97 | 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 |
| Rate per 1,000 gallons | 3.65 | 4.09 | 4.42 | 5.84 | 5.84 | 6.89 | 8 | 7.72 | 7.87 | 8.34 |
| Building activity | | | | | | | | | | |
| Building permits issued | 895 | 845 | 903 | 984 | 1,615 | 1,432 | 1,289 | 1,102 | 999 | 1,422 |
| Number of residential units | 286 | 30 | 17 | 24 | 40 | 51 | 119 | 57 | 54 | 66 |
| Residential value (in thousands) | 40,621 | 13,724 | 9,429 | 15,673 | 21,260 | 40,646 | 64,102 | 30,826 | 36,092 | 48,420 |
| Commercial value (in thousands) | 8,369 | - | 8,929 | 198 | 173 | 14,420 | 17,951 | 3,663 | 8,912 | 40,266 |
| Parks and recreation | | | | | | | | | | |
| Racquet club passes | 2,528 | 2,263 | 1,368 (1) | 3,304 (2) | 5,037 | 7,038 | 7,893 | 7,922 | 7,067 | 7,415 |
| Golf rounds | 30,202 | 25,912 | 25,852 | 29,282 | 30,151 | 30,887 | 29,269 | 29,537 | 30,731 | 29,484 |
| Library | | | | | | | | | | |
| Total volumes borrowed | 83,545 | 85,655 | 89,174 | 93,626 | 91,955 | 79,709 (3) | 54,262 (3) | 98,930 (4) | 111,388 | 155,683 (5) |
| Circulation per capita | 10 | 11 | 12 | 12 | 12 | 10 | 7 | 12 | 13 | 13 |
| Transit | | | | | | | | | | |
| Total route miles | 1,033,806 | 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) |
| Passengers | 1,956,770 | 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) |

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 was due to a change in how electronic material was tracked. The 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 | | | | | | | | | |
|-------------------------|-------------|--------|--------|--------|--------|--------|--------|---------|-----------|--------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| City Area (sq. miles) | 18 | 18 | 18 | 18 | 18 | 18 | 20 | 20 | 20 | 20 |
| Police station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transit buses | 29 | 40 | 37 | 36 | 36 | 36 | 37 | 37 | 38 | 39 |
| Public works | | | | | | | | | | |
| Streets (lane miles) | 111 (1) | 111 | 111 | 111 | 111 | 126 | 126 | 126 | 126 | 126 |
| Street lights | 530 (1) | 530 | 530 | 545 | 545 | 712 | 712 | 712 | 964 | 985 |
| Water | | | | | | | | | | |
| Fire hydrants | 1,040 | 1,056 | 1,100 | 1,105 | 1,105 | 1,105 | 1,081 | 1,090 | 1,091 | 1,104 |
| Water mains (miles) | 119 | 127 | 130 | 131 | 132 | 135 | 137 | 140 | 142 | 142 |
| Storage capacity (Tgal) | 14,650 | 14,650 | 14,650 | 14,650 | 13,650 | 13,650 | 13,650 | 13,650 | 13,650 | 18,250 |
| Recreation and culture | | | | | | | | | | |
| Acreage | 220 | 223 | 223 | 223 | 223 | 223 | 223 | 223 | 1,536 (3) | 1,580 |
| Parks | 38 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 42 | 42 |
| Covered picnic areas | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 |
| Tennis courts | 13 | 9 | 9 | 13 | 13 | 14 | 14 | 14 | 14 | 14 |
| Soccer fields | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Baseball diamonds | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Volumes in library | 64,474 (2) | 67,626 | 71,164 | 82,291 | 74,071 | 85,138 | 97,160 | 126,999 | 117,482 | 155,683 (4) |
| Golf course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ice Rink | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Various City departments.

Notes: Fire protection is provided by the Park City Fire District.

(1) The City changed the way they track streets and street lights, resulting in a more accurate number.

(2) Beginning in fiscal year 2009 the Library volumes includes books, audio tapes, and videos.

(3) Bonanza Flat (1,350 acres) open space was purchased in fiscal year 2017.

(4) The Library changed the way they track electronic material, resulting in a more accurate number in fiscal year 2018.

Schedule 28
 Park City Municipal Corporation, Utah
 Schedule of Insurance in Force
 As of June 30, 2018

| <u>COMPANY & COVERAGE TYPE, POLICY #</u> | <u>LIMITS</u> | <u>EXPIRATION</u> | <u>PREMIUM</u> | <u>DEDUCTIBLE</u> |
|---|----------------|-------------------|----------------|-------------------|
| LIBERTY MUTUAL (Property Coverage) YU2-Z51-292161-028 | \$ 120,917,255 | 1/1/2019 | \$ 111,575 | |
| All other Perils | | | | \$ 10,000 |
| Flood | | | | 500,000 |
| Earthquake | | | | 100,000 |
| Data, Programs/Software & Computer Systems | | | | 500,000 |
| ST. PAUL/TRAVELERS (Crime Policy) 105540277 | | 1/1/2020 | \$ 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 |
| WORKERS COMPENSATION FUND (Workers Compensation) 1638608 | \$ 1,000,000 | 1/1/2019 | \$ 182,359 | \$ - |
| STATES RISK RETENTION GROUP (Liability) 3000023-1 | \$ 10,000,000 | 1/1/2019 | \$ 160,642 | \$ 250,000 |
| (General Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability and Public Officials Errors & Omission Liability) | | | | |
| BEAZLEY (Cyber Insurance) W21274180101 | \$ 5,000,000 | 1/1/2019 | \$ 32,846 | \$ - |
| Information Security & Privacy Insurance | | | | |

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

| | Fiscal Year Ended June 30 | | | | |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2017 (1) | 2016 (1) | 2015 | 2014 (1) |
| ASSETS | | | | | |
| Cash, cash equivalents and investments held by city | \$ 66,635,201 | \$ 64,906,033 | \$ 77,276,957 | \$ 74,908,660 | \$ 73,540,217 |
| Cash, cash equivalents and investments held by fiscal agent | 11,398,912 | 6,380,142 | 6,690,285 | 10,554,094 | 5,104,820 |
| Restricted cash, cash equivalents and investments, other | 6,604,245 | 6,318,540 | 6,312,535 | 7,418,529 | 6,866,835 |
| Receivables: | | | | | |
| Taxes | 24,009,992 | 23,385,693 | 20,740,471 | 20,631,203 | 20,432,310 |
| Accounts | 9,079,648 | 11,928,740 | 2,553,439 | 2,166,238 | 2,785,397 |
| Notes receivable | 1,273,106 | 1,799,575 | 314,353 | 320,284 | 1,578,341 |
| Inventories | 794,366 | 665,040 | 772,836 | 927,978 | 1,036,104 |
| Prepays | 1,263,500 | 2,239,181 | 528,089 | 515,520 | 510,634 |
| Assets held for resale | 166,096 | - | - | - | - |
| Capital assets not being depreciated: | | | | | |
| Land and water rights | 200,070,570 | 178,027,967 | 129,838,076 | 130,034,390 | 121,920,236 |
| Construction in progress | 28,003,663 | 12,273,194 | 10,931,485 | 13,018,693 | 8,791,078 |
| Art | 839,333 | 827,833 | 827,833 | 710,570 | 710,570 |
| Capital assets (net of accumulated depreciation): | | | | | |
| Buildings | 46,155,763 | 43,758,490 | 42,117,192 | 43,670,618 | 39,400,441 |
| Improvements other than buildings | 82,480,502 | 82,274,536 | 77,669,009 | 67,613,413 | 67,054,006 |
| Vehicles and equipment | 23,770,469 | 23,909,704 | 15,058,504 | 16,123,836 | 15,585,814 |
| Infrastructure | 23,161,347 | 25,660,425 | 29,114,178 | 25,053,552 | 26,782,596 |
| Intangibles | 8,271,741 | 5,608,810 | 5,652,891 | 5,691,867 | 5,506,939 |
| Net pension assets | 3,365 | 3,713 | 7,661 | 22,838 | - |
| Total assets | 533,981,819 | 489,967,616 | 426,405,794 | 419,382,283 | 397,606,338 |
| Deferred outflows of resources | | | | | |
| Deferred charge on refunding | 7,335,717 | 6,578,882 | 7,477 | 15,227 | 22,977 |
| Deferred outflows of resources related to pensions | - | - | 5,277,742 | 1,597,998 | 1,228,149 |
| Total deferred outflows of resources | \$ 7,335,717 | \$ 6,578,882 | \$ 5,285,219 | \$ 1,613,225 | \$ 1,251,126 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 5,395,183 | \$ 10,204,455 | \$ 4,243,398 | \$ 4,813,660 | \$ 4,806,266 |
| Accrued liabilities | 3,174,630 | 2,674,359 | 2,868,301 | 2,707,660 | 2,836,990 |
| Long-term debt due within one year: | | | | | |
| Compensated absences | 525,320 | 534,198 | 431,558 | 391,979 | 391,796 |
| Contracts payable | - | - | - | 93,024 | 2,586,533 |
| General obligation bonds | 4,360,000 | 4,945,000 | 3,300,000 | 3,215,000 | 3,655,000 |
| Revenue bonds | 6,495,000 | 4,720,000 | 4,530,000 | 4,690,000 | 4,040,000 |
| Long-term debt due in more than one year: | | | | | |
| Compensated absences | 699,776 | 670,641 | 681,413 | 616,886 | 491,221 |
| General obligation bonds | 40,913,366 | 45,540,922 | 22,709,111 | 26,083,159 | 29,363,370 |
| Contracts payable | - | - | - | - | 93,024 |
| Revenue bonds | 80,928,230 | 54,793,151 | 59,904,698 | 64,829,343 | 51,983,601 |
| Net pension liability | 7,780,234 | 11,020,794 | 10,109,665 | 6,596,256 | 8,196,954 |
| Total liabilities | 150,271,739 | 135,103,520 | 108,778,144 | 114,036,967 | 108,444,755 |
| Deferred inflows of resources | | | | | |
| Property taxes | 20,046,312 | 19,785,339 | 17,605,701 | 17,553,354 | 17,437,568 |
| Deferred gain on refunding | 217,783 | 321,672 | 425,561 | 529,450 | - |
| Deferred inflows of resources related to pensions | 6,025,822 | 1,803,202 | 1,142,122 | 1,049,810 | - |
| Deferred inflows of resources related to pensions | 166,096 | - | - | - | - |
| Total deferred inflows of resources | 26,456,013 | 21,910,213 | 19,173,384 | 19,132,614 | 17,437,568 |
| NET POSITION | | | | | |
| Net investment in capital assets | 294,285,169 | 273,727,467 | (4) 233,610,613 | (3) 220,380,226 | 208,942,336 |
| Restricted for: | | | | | |
| Debt service | 5,198,869 | 5,153,382 | 5,130,734 | 5,192,878 | 5,088,720 |
| Capital projects | 12,804,288 | 7,545,300 | 7,872,086 | 12,779,745 | 6,882,935 |
| Other | 195,157 | 59,674 | 48,640 | 47,201 | 46,402 |
| Unrestricted | 52,106,301 | 53,046,942 | 57,077,412 | 49,425,877 | 52,014,749 |
| Total net position | 364,589,784 | 339,532,765 | 303,739,485 | 287,825,927 | 272,975,142 |
| Total liabilities and deferred inflows of resources and net position | \$ 541,317,536 | \$ 496,546,498 | \$ 431,691,013 | \$ 420,995,508 | \$ 398,857,465 |

Source: Information extracted from the City's fiscal years ended June 30, 2014 through 2018 general purpose financial statements.

Notes:

- (1) Restated.
- (2) Fiscal year 2015 - Implemented GASB 68, Accounting and Financial Reporting for Pensions, required restatement of fiscal year 2014.
- (3) Fiscal year 2017 - Capital asset adjustment, required restatement of fiscal year 2016.
- (4) Fiscal year 2018 - Capital asset adjustment, required restatement of fiscal year 2017.

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

**Park City Municipal Corporation, Utah
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

| Federal Grantor Agency or Pass Through Entity | Federal CFDA Number | Grant Number | 2018 Expenditures |
|--|--------------------------------|---------------------|-----------------------------------|
| U.S. Department of Transportation | | | |
| Formula Grants for Rural Areas | 20.509 | UT-2016-006-00 | 2,307,083 |
| Bus and Bus Facilities | 20.526 | UT-18-X032 | <u>379,070</u> |
| | | Subtotal | <u><u>2,686,153</u></u> |
| Department of Homeland Security | | | |
| Emergency Management Project Grant | 97.042 | EMPG-2018-DEM | 12,500 |
| U.S. Department of Agriculture | | | |
| Conservation Reserve Program | 10.069 | UT- 49043-189 | 1,044 |
| U.S. Department of Justice | | | |
| Pass Through Utah Office for Victims of Crime | | | |
| Victim of Crime Act (VOCA) Grant | 16.017 | 16-VOCA-45 | 34,189 |
| Equitable Sharing Program | 16.922 | UT-0220500 | <u>22,948</u> |
| | | Subtotal | <u><u>57,137</u></u> |
| Total Federal Awards | | | \$ <u><u>2,756,834</u></u> |

Park City Municipal Corporation, Utah
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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.

**Park City Municipal Corporation, Utah
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018**

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 | 20.509 |
| Name of Federal Program or Cluster | U.S. Department of Transportation, Formula Grants for Rural Areas |
| 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, 2018, 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 20, 2018.

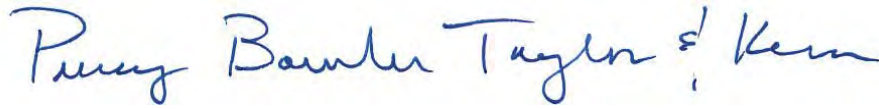
Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing 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 "Patsy Bowler Taylor & Kern". The signature is written in a cursive style with a small flourish at the end.

Salt Lake City, Utah
December 20, 2018

**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, 2018. 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, 2018.

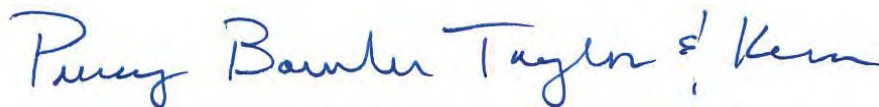
Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2018, 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 20, 2018

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, 2018.

State compliance requirements were tested for the year ended June 30, 2018 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
- Utah Public Finance Website (Transparency)
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Tax Levy Revenue Recognition

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, 2018.

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.



Salt Lake City, Utah
December 20, 2018

APPENDIX B

THE GENERAL INDENTURE OF TRUST

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

GENERAL INDENTURE OF TRUST

Dated as of March 1, 2005

between

PARK CITY, UTAH

and

ZIONS FIRST NATIONAL BANK,
as Trustee

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THIS GENERAL INDENTURE OF TRUST, dated as of March 1, 2005, by and between the Park City, 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 banking association 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, as trustee (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Issuer desires to finance and/or refinance all or a portion of the costs of facilities, equipment and improvements for the benefit of the Issuer pursuant to the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (to be recodified as the Local Government Bonding Act, Title 11, Chapter 14, Utah Code, as of May 2, 2005), and/or the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act"); and

WHEREAS, the Issuer is authorized under the Act to issue its bonds secured by a pledge of and payable from the Revenues described herein; and

WHEREAS, the Issuer desires to pledge said Revenues toward the payment of the principal and interest on Bonds issued hereunder:

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, the issuance by Security Instrument Issuers from time to time of Security Instruments 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, of all 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, in all Security Instrument Agreements 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 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 all Security Instrument Repayment Obligations, and second, for the further security 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 and all Security Instrument Issuers without privilege, priority or distinction as to the lien or otherwise of any Bond or Security Instrument Issuer over any other by reason of time of issuance, sale, delivery or maturity or expiration 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, all Security Instrument Repayment Obligations, according to the true intent and meaning thereof, 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 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:

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds, as established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds.

“Act” means, the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code (to be recodified as the Local Government Bonding Act, Title 11, Chapter 14, Utah Code, as of May 2, 2005) and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code, each to the extent applicable.

“Additional Bonds” means all Bonds issued under this Indenture other than the Initial Bonds.

“Administrative Costs” means all Security Instrument Costs, Reserve Instrument Costs and Rebutable Arbitrage.

“Aggregate Annual Debt Service Requirement” means the total Debt Service (including any Repayment Obligations) for any one Bond Fund Year (or other specific period) on all Series of Bonds Outstanding or any specified portion thereof.

“Authorized Amount” means, with respect to a Commercial Paper Program, the maximum Principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

“Average Aggregate Annual Debt Service Requirement” means the total of all Aggregate Annual Debt Service Requirements divided by the total Bond Fund Years of the Bonds Outstanding or any specified portion thereof.

“Bond Fund” means the Park City, Utah Sales Tax Revenue Bond Fund created in Section 3.2 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 Initial Bonds and shall end on the next succeeding June 30.

“Bondholder,” “Bondowner”, “Registered Owner” or “Owner” means the registered owner of any Bonds herein authorized according to the registration books of the Issuer maintained by the Trustee as Registrar.

“Bonds” means bonds, notes, commercial paper or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to this Indenture, including the Initial Bonds and any Additional Bonds.

“Business Day” means any day (i) (a) on which banking business is transacted, but not including any 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 or, with respect to a related Series of Bonds, in the city in which any Security Instrument Issuer has its principal office for purposes of such Security Instrument and (b) on which the New York Stock Exchange is open, or (ii) as otherwise provided in a Supplemental Indenture.

“Capital Appreciation Bonds” means Bonds, the interest on which (i) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (ii) is payable upon maturity or prior redemption of such Bonds.

“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.

“Commercial Paper Program” means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to Article II hereof and are outstanding up to an Authorized Amount.

“Construction Fund” means the Park City, Utah Sales Tax 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 fees of financial rating services and other costs of issuing the Series of Bonds (including costs of interest rate caps and costs related to Interest Rate Swaps (or the elimination thereof));

(g) costs, fees and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;

(h) costs of furniture, fixtures, and equipment purchased by the Issuer and necessary to construct 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, Security Instrument Costs 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 refunding or redeeming any bonds or other obligations, "Cost" includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f), (i), (k), (l), (m) and (o) 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).

"Cross-over Date" means, with respect to Cross-over Refunding Bonds, the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

"Cross-over Refunded Bonds" means Bonds or other obligations refunded by Cross-over Refunding Bonds.

"Cross-over Refunding Bonds" means Bonds issued for the purpose of refunding Bonds or other obligations if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

"Current Interest Bonds" means all Bonds other than Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided therefor in a Supplemental Indenture.

"Debt Service" means, for any particular Bond Fund Year and for any Series of Bonds and any Repayment Obligations, an amount equal to the sum of (i) all interest payable during such Bond Fund Year on such Series of Bonds plus (ii) the Principal Installments payable during such Bond Fund Year on (a) such Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (b) such Repayment Obligations then outstanding;

provided, however, for purposes of Section 2.13 hereof,

(1) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Bond Fund Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at such market rate of interest applicable to such Series of Variable Rate Bonds or related Repayment Obligations, 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);

(2) when calculating interest payable during such Bond Fund 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;

(3) when calculating interest payable during such Bond Fund Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a 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 (using the market rate in a manner similar to that described in (1) above, unless another method of estimation is more appropriate, in the opinion of the Issuer's financial advisor, underwriter or similar agent with the approval of each Rating Agency, 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;

(4) when calculating interest payable during such Bond Fund Year with respect to any Commercial Paper Program, Debt Service shall include an amount equal to the sum of all principal and interest payments that would be payable during such Bond Fund Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at such market rate of interest applicable to such Commercial Paper Program 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); and

(5) When calculating interest payable on Bonds that are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations;

and further provided, that there shall be excluded from Debt Service (x) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (y) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, as amended, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances)

and such amounts so required to be applied are sufficient to pay such Principal, and (z) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer's obligation to pay such Repayment Obligations.

"Debt Service Reserve Fund" means the Park City, Utah Sales Tax Revenue Debt Service Reserve Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

"Debt Service Reserve Requirement", for a Series of Bonds, means the amount, if any, set forth in the Supplemental Indenture authorizing such Series of Bonds. The Debt Service Reserve Requirement applicable to any Series of Bonds may be funded by a Reserve Instrument as herein provided and, if provided in the related Supplemental Indenture, may be accumulated over time.

"Direct Obligations" means noncallable Government Obligations.

"Escrowed Interest" means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code, in connection with the issuance of refunding bonds or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

"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.

"Fitch" means Fitch Ratings.

"Governing Body" means the City Counsel of the Issuer.

"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 fully and 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 issued under this Indenture.

“Interest Payment Date” means the stated payment date of an installment of interest on the Bonds.

“Interest Rate Swap” means an agreement between the Issuer or the Trustee and a Swap Counterparty related to a Series of Bonds whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

“Issuer” means the Park City, 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.

“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.

“Paired Obligations” means any Series (or portion thereof) of Bonds designated as Paired Obligations in the Supplemental Indenture authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the Principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates of which, when taken together, result in an irrevocably fixed interest rate obligation of the Issuer for the terms of such Bonds.

“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.

“Pledged Bonds” means any Bonds that have been (i) pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security

for Security Instrument Repayment Obligations or (ii) purchased and held by a Security Instrument Issuer pursuant to a Security Instrument.

“Principal” means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “Principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (ii) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Corporate Trust Office” means, with respect to the Trustee, the office of the Trustee at One South Main, Suite 300, Salt Lake City, Utah, or such other or additional offices as may be specified by the Trustee.

“Principal Installment” means, as of any date of calculation, (i) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (a) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a Principal amount equal to such unsatisfied balance of such Sinking Fund Installment and (ii) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date.

“Project” means the acquisition, construction, and/or improvement of capital facilities, equipment and/or improvements financed or refinanced with a Series of Bonds.

“Put Bond” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Put Bond and designating it as a “Put Bond”.

“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 including: 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 and/or the equivalent rating or better of Moody’s (if so rated), 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, including investments contracts permitted by Section 51-7-17(2)(d) thereof.

“Rating Agency” means Fitch, Moody’s or S & P and their successors and assigns, but only to the extent such rating agency is then providing a rating on a Series of Bonds issued hereunder at the request of the Issuer. If either such Rating Agency ceases to act as a securities rating agency, the Issuer may designate any nationally recognized securities rating agency as a replacement.

“Rating Category” or “Rating Categories” mean one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

“Rebatable Arbitrage” means with respect to any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, 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 any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, 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, Utah Sales Tax Revenue Rebate Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.7 hereof.

“Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the registrar for the Bonds pursuant to Sections 2.6 and 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

“Regular Record Date” means, unless otherwise provided by Supplemental Indenture for a Series of Bonds, the fifteenth day immediately preceding each Interest Payment Date.

“Regulations,” and all references thereto means the 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.

“Remarketing Agent” means the remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

“Repayment Obligations” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

“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 (including the applicable portions of 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, Utah Sales Tax Revenue Reserve Instrument Fund created in Section 3.5 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 applicable Series of 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.

“Revenue Fund” means the Park City, Utah Sales Tax Revenue Fund created in Section 3.7 hereof to be held by the Issuer and administered pursuant to Section 5.2 hereof.

“Revenues” means 100% of the Local Option Sales and Use Tax revenues received by the Issuer pursuant to Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended; 100% of the Resort Communities Tax revenues and Additional Resort Communities Tax revenues received by the Issuer pursuant to Title 59, Chapter 12, Part 4 and 100% of the Municipality Transient Room Tax revenues received by the Issuer pursuant to Title 59, Chapter 12, Part 3A.¹

“S & P” means Standard & Poor’s Rating Services.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices (but does not include a Reserve Instrument); provided, however, that no such device or instrument shall be a “Security Instrument” for purposes of this Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

¹ This definition is shown as amended by the Third Supplemental Indenture executed in connection with the Series 2014 Bonds and Fifth Supplemental Indenture to be executed with the issuance of the Series 2017 Bonds.

“Security Instrument Agreement” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) providing for the issuance by such Security Instrument Issuer of a Security Instrument.

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

“Security Instrument Issuer” means any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

“Security Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs.

“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, Utah Sales Tax Revenue Sinking Fund Account of the Bond Fund created in Section 3.3 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 for the retirement of Term Bonds as specified in the Supplemental Indenture authorizing said Term Bonds (whether at maturity or by redemption), and including the redemption premium, if any.

“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 supplemental indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of Article IX hereof.

“Swap Counterparty” means a member of the International Swap Dealers Association rated in one of the three top Rating Categories by at least one of the Rating Agencies and meeting the requirements of applicable laws of the State.

“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, or any successor corporation 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.

“Utah Code” means Utah Code Annotated 1953, as amended.

“Variable Rate Bonds” means, as of any date of calculation, Bonds, the interest on which for any future period of time, is to be calculated at a rate which is not susceptible to a precise determination.

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, the issuance from time to time of any and all Security Instruments by the Security Instrument Issuers, 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, the Security Instrument Issuers 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 and the Security Instrument Issuers of any and all of the Security Instruments all of which, regardless of the time or times of their issuance and delivery or maturity or expiration, shall be of equal rank without preference, priority or distinction of any of the Bonds or Security Instrument Repayment Obligations over any others, 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 leadlines 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.

ARTICLE II

THE BONDS

Section 2.1 Authorization of Bonds There is hereby authorized for issuance hereunder 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) Each Series of Bonds issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, each Series of Bonds 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 each Interest Payment Date.

(b) Each Series of Bonds issued under the provisions hereof 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 such Series, shall 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. Each Series of Bonds shall be designated "Sales Tax Revenue [Refunding] Bonds, Series ____ [Federally Taxable]," in each case inserting the year in which the Bonds are issued and, if necessary, an identifying Series letter.

(c) Both the principal of and the interest on the Bonds shall be payable in lawful money of the United States of America. 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 on the Interest Payment Date 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 no later than the Regular Record Date for such payment. 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 immediately preceding such Interest Payment Date. 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 (10) 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. Unless otherwise specified in the related Supplemental Indenture, the Bonds of any Series shall be executed on behalf of the Issuer with the manual or official facsimile signature of its Mayor, countersigned with the manual or official facsimile signature of the City Recorder, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Issuer. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The Bonds, together with interest thereon, and all Repayment Obligations shall be limited obligations of the Issuer payable solely from the Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created hereunder (except the Rebate Fund) or the income from the temporary investment thereof). The Bonds shall be a valid claim of the Registered Owners thereof only against the 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 all Repayment Obligations, and the Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds and to pay the Repayment Obligations, except as may be otherwise expressly authorized herein or by Supplemental Indenture. The issuance of the Bonds and delivery of any Security Instrument Agreement or Reserve Instrument Agreement shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of ad valorem taxation therefore.

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 of the purchase price therefor to the Trustee for the account of the Issuer. 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 of said purchase price. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the related 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 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 Governing Body approving the execution and delivery of the instruments specified in Section 2.4(c)(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 of the Issuer to the Trustee 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) the Issuer has authorized the execution and delivery of this Indenture and such Series of Bonds and this

Indenture has been duly executed and delivered by the Issuer and is a valid, binding and enforceable agreement of the Issuer; (b) this Indenture creates the valid pledge which it purports to create of the Revenues; and (c) the Bonds of such Series are valid and binding obligations of the Issuer, entitled to the benefits and security hereof, provided that such opinion may contain limitations acceptable to the purchaser of such Series of Bonds;

(d) The Issuer may provide by Supplemental Indenture for the delivery to the Trustee of one or more Security Instruments with respect to any Series of Bonds and the execution and delivery of any Security Instrument Agreements deemed necessary in connection therewith;

(e) Subject to any limitations contained in a Supplemental Indenture, the Issuer may provide a Security Instrument for any Series of Bonds (or may substitute one Security Instrument for another);

(f) The Issuer may provide by Supplemental Indenture for the issuance and delivery to the Trustee of one or more Reserve Instruments and the execution and delivery of any Reserve Instrument Agreements deemed necessary in connection therewith;

(g) The Issuer may authorize by Supplemental Indenture the issuance of Put Bonds; provided that any obligation of the Issuer to pay the purchase price of any such Put Bonds shall not be secured by a pledge of Revenues on a parity with the pledge contained in Section 6.2 hereof. The Issuer may provide for the appointment of such Remarketing Agents, indexing agents, tender agents or other agents as the Issuer may determine;

(h) The Issuer may include such provisions in a Supplemental Indenture authorizing the issuance of a Series of Bonds secured by a Security Instrument as the Issuer deems appropriate, including:

(i) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (I) the Security Instrument Issuer shall be deemed to be the Owner of the Outstanding Bonds of such Series (a) when the approval, consent or action of the Bondowners for such Series of Bonds is required or may be exercised under the Indenture and (b) following an Event of Default and (II) the Indenture may not be amended in any manner which affects the rights of such Security Instrument Issuer without its prior written consent; and

(ii) In the event that the Principal and redemption price, if applicable, and interest due on any Series of Bonds Outstanding shall be paid under the provisions of a Security Instrument, all covenants, agreements and other obligations of the Issuer to the Bondowners of such

Series of Bonds shall continue to exist and such Security Instrument Issuer shall be subrogated to the rights of such Bondowners in accordance with the terms of such Security Instrument; and

(iii) In addition, such Supplemental Indenture may establish such provisions as are necessary to provide relevant information to the Security Instrument Issuer and to provide a mechanism for paying Principal Installments and interest on such Series of Bonds from the Security Instrument.

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 connection therewith. Any Bond issued pursuant to this Section 2.5 shall be deemed part of the Series of 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 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. Upon the occurrence of an Event of Default which would require any Security Instrument Issuer to make payment under a Security Instrument Agreement, the Registrar shall make such registration books available to the Security Instrument Issuer. 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 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. Except as otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, 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 further be subject to redemption prior to maturity at such times and upon such terms as shall be fixed by such Supplemental Indenture. Except as otherwise provided in a Supplemental Indenture, if fewer than all Bonds of a Series are to be redeemed, the particular maturities of such Bonds to be redeemed and the Principal amounts of such maturities to be redeemed shall be selected by the Issuer. If fewer 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 by lot in such manner as the Trustee, in its discretion, may deem fair and appropriate.

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 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 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; and

(vii) the place where such Bonds are to be surrendered for payment, designating the name and address of the redemption agent with the name of a contact person and telephone number.

(b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, at least two (2) Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories (as reasonably determined by the Trustee) then in the business of holding substantial amounts of obligations of types comprising the Bonds and to at least two national information services that disseminate notices of redemption of obligations such as

the Bonds. Such further notice shall contain the information required in Section 2.8(a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(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) If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state 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 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.

(e) 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.

(f) 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.

(g) 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.

Section 2.9 Partially Redeemed Fully Registered Bonds. Unless otherwise specified in the related Supplemental Indenture, 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 herein or 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; 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, terminate 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 four 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 2.11 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 Issuance of Additional Bonds. No additional indebtedness, bonds or notes of the Issuer secured by a pledge of the Revenues senior to the pledge of Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations herein authorized shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds and the Security Instrument Issuers. In addition, no Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds and the Security Instrument Repayment Obligations herein authorized out of Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred and be continuing hereunder on the date of authentication of any Additional Bonds. This Section 2.13(a) 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 Additional Bonds and the application of the proceeds thereof; and

(b) A certificate shall be delivered to the Trustee by an Authorized Representative to the effect that the Revenues for any consecutive 12 month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 200% of the sum of (x) the maximum Aggregate Annual Debt Service Requirement on all Bonds and Additional Bonds to be Outstanding following the issuance of the Additional Bonds plus (y) the maximum annual installments due on all Reserve Instrument Repayment Obligations to be outstanding following the issuance of such Additional Bonds; and

provided, however, that such Revenue coverage test set forth above shall not apply to the issuance of any Additional Bonds to the extent (i) they are issued for the purpose of refunding Bonds issued hereunder, (ii) the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith, and (iii) the maximum Aggregate Annual Debt Service Requirement for such Additional Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith; and

(c) All payments required by this Indenture to be made into the Bond Fund must have been made in full, and there must be on deposit in each account of the Debt Service Reserve Fund (taking into account any Reserve Instrument coverage) the full amount required to be accumulated therein at the time of issuance of the Additional Bonds; and

(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) and/or (ii) to finance or refinance a Project (including the funding of necessary reserves and the payment of costs of issuance).

Section 2.14 Form of Bonds. The Bonds of each Series 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 as may be necessary, desirable, authorized and permitted hereby.

Section 2.15 Covenant Against Creating or Permitting Liens. Except for the pledge of Revenues to secure payment of the Bonds and Repayment Obligations hereunder, the Revenues are and shall 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 Revenues subordinate to that of the Bonds and Repayment Obligations.

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 the 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 Series of Bonds and, if applicable, a separate account for each Series of Bonds and for all grant moneys or other moneys to be received by the Issuer for deposit in the Construction Fund.

Section 3.2 Creation of Bond Fund. There is hereby created and ordered established in the custody of the Trustee the Bond Fund.

Section 3.3 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 the Sinking Fund Account.

Section 3.4 Creation of Debt Service Reserve Fund. There is hereby created and ordered established in the custody of the Trustee the Debt Service Reserve Fund.

Section 3.5 Creation of Reserve Instrument Fund. There is hereby created and ordered and established in the custody of the Trustee the Reserve Instrument Fund.

Section 3.6 Creation of Rebate Fund. There is hereby created and ordered established in the custody of the Trustee the Rebate Fund.

Section 3.7 Creation of Revenue Fund. There is hereby created and ordered established in the custody of the Issuer the Revenue Fund. For accounting purposes, the Revenue Fund may be redesignated by different account names by the Issuer from time to time.

Section 3.8 Creation of Funds and Accounts. 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. The Issuer may, by Supplemental Indenture, authorize the creation of additional funds and additional accounts within any fund.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Upon the issuance of each Series of Bonds, the proceeds thereof shall be deposited as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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 by Supplemental Indenture, moneys deposited in the appropriate account in the Construction Fund shall be disbursed by the Trustee to pay the Costs 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 approved by an Authorized Representative of the Issuer in substantially the form as Exhibit A attached hereto, stating 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.

(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 the information submitted in such requisition. Such payments shall be presumed to be made properly and the Trustee shall not be required to verify the application of any payments from the Construction Fund or to inquire into the purposes for which disbursements are being made from the Construction Fund.

(c) The Issuer shall deliver to the Trustee, within 90 days after the completion of a Project, a certificate executed by an Authorized Representative of the Issuer 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 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 certification any claim or claims out of which a lien exists or might ripen in the event 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 Section 5.1(c) above shall state that there is a claim or claims in controversy which create or might ripen into a lien, an Authorized Representative of the Issuer

shall file a similar certificate with the Trustee 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, as directed by an Authorized Representative of the Issuer, be deposited in the Bond Fund to be applied toward the redemption of the Series of Bonds issued to finance such Project or to pay principal and/or interest next falling due with respect to the 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 Application of Revenues. All Revenues shall be accounted for by the Issuer separate and apart from all other moneys of the Issuer.

(a) So long as any Bonds are Outstanding and as a first charge and lien on the Revenues, the Issuer shall on or before the fifteenth day of each month allocate to the Revenue Fund an amount equal to:

(i) approximately one-sixth of the interest falling due on the Bonds (or, if the first Interest Payment Date is less than six months away, the Issuer shall allocate to the Revenue Fund an amount sufficient to total the interest payable on the Bonds in equal monthly installments) on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the Issuer need not allocate to the Revenue Fund to pay interest on the Bonds); plus

(ii) if principal is due on the Bonds within the next succeeding 12 months, approximately one-twelfth of the principal and premium, if any, falling due on the next succeeding principal payment date established for the Bonds (or, if the first principal payable on the Bonds is less than twelve months away, the Issuer shall allocate to the Revenue Fund an amount sufficient to total the principal payable on the Bonds in equal monthly installments); plus

(iii) if a Sinking Fund Installment is due on the Bonds within the next succeeding 12 months, approximately one-twelfth of the Sinking

Fund Installment falling due on the next succeeding Sinking Fund Installment payment date (or, if the first Sinking Fund Installment is less than twelve months away, the Issuer shall allocate to the Revenue Fund an amount sufficient to total the first Sinking Fund Installment on the Bonds in equal monthly installments), plus

(iv) Administrative Costs which shall be paid by the Issuer from time to time as they become due and payable.

the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable and to pay Administrative Costs. The Issuer shall transfer from the Revenue Fund or otherwise provide for allocation from Revenues to the Trustee for deposit to the Bond Fund at least fifteen days prior to each Interest Payment Date amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

(b) As a second charge and lien on the Revenues, the Issuer shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the accounts in the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided herein and in any Supplemental Indenture and (B) if funds shall have been withdrawn from an account in the Debt Service Reserve Fund or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the Issuer shall deposit Revenues in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(b)(ii)) of remaining Revenues if less than the amount necessary, and

(ii) Equally and ratably to the accounts of 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 Revenues, or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(b)(i)) 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 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, such that the Reserve Instrument Coverage shall equal the Reserve Instrument Limit within one year from any draw date under the Reserve Instrument.

The Revenues remaining after the foregoing deposits and transfers in each month and not required to be used for remedying any deficiencies in payments previously made into the Funds hereinabove established, may be used at any time for any other lawful purpose.

Section 5.3 Use of Bond Fund. The Issuer may direct the Trustee, pursuant to a Supplemental Indenture, to create an account within the Bond Fund for a separate Series of Bonds under the Indenture.

(a) The Trustee shall make deposits to the Bond Fund, as and when received, as follows:

(i) accrued interest received upon the issuance of any Series of Bonds;

(ii) all moneys payable by the Issuer as specified in Section 5.2(a) hereof;

(iii) any amount in the Construction Fund to the extent required by or directed pursuant to Section 5.1(f) hereof upon completion of a Project;

(iv) all moneys transferred 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.

(b) Except as provided in Section 7.4 hereof and as provided in this Section 5.3 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) on or before each Interest Payment Date for each Series of Bonds, the amount required to pay the interest due on such date;

(ii) on or before each Principal Installment due date, the amount required to pay the Principal Installment due on such due date; and

(iii) on or before each redemption date for each Series of Bonds, the amount required to pay the redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agent to pay Principal Installments and redemption price of, and interest on the related Series of Bonds.

The Trustee shall pay out of the Bond Fund to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. Except as otherwise specified in a related Supplemental Indenture all such Security Instrument Repayment Obligations shall be paid on a parity with the payments to be made with respect to principal and interest on the Bonds; provided that amounts paid under a Security Instrument shall be applied only to pay the related Series of Bonds. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

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 and on Security Instrument Repayment Obligations 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 (i) 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), (ii) all agreements relating to all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations in accordance with their respective terms, and (iii) all fees, charges and expenses of the Trustee, the Paying Agent and any other amounts required to be paid hereunder or under any Supplemental Indenture and under any Security Instrument Agreement 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.

Section 5.5 Use of Debt Service Reserve Fund. Except as otherwise provided in this Section 5.5 and subject to the immediately following sentence, moneys in each account in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement, if any. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify the Debt Service Reserve Requirement, if any, applicable to such Series which amount shall 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 Revenues over the period of time specified therein, or (iii) deposited from any combination of (i) and (ii) above; provided however, the foregoing provisions shall be subject to the 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 account of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section 5.5, the Issuer is required to, pursuant to Section 5.2(b) hereof and the provisions of any Supplemental Indenture, make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund.

In the event funds on deposit in an account of 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 account of the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series 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 the Reserve Instrument as provided in Section 5.2(b)(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 related account of 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 related account of the Debt Service Reserve Fund.

Moneys at any time on deposit in the account of 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) shall be transferred by the Trustee to the Bond Fund at least once each year.

Moneys on deposit in any account of the Debt Service Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

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 Reserve Instrument Repayment Obligations which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement. The Issuer may, upon obtaining an approving opinion of bond counsel to the effect that such transaction will not adversely affect the tax-exempt status of any outstanding Bonds, replace any amounts required to be on deposit in the Debt Service Reserve Fund with a Reserve Instrument.

Section 5.7 Use of Rebate Fund.

(a) If it becomes necessary for the Issuer to comply with the rebate requirements of the Code and the Regulations, the Trustee shall establish and thereafter maintain, so long as the Bonds which are subject to said rebate requirements 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 Rebateable Arbitrage for one or more Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebateable Arbitrage is determined, the excess amount remaining after payment of the Rebateable Arbitrage to the United States shall, upon the Issuer's written request accompanied by the determination report, be paid by the Trustee to the Issuer.

(c) The Issuer shall determine the amount of Rebateable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date and take all other actions necessary to comply with the rebate requirements of the Code and the Regulations. 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) or shall otherwise make payment of the rebate to be paid to the United States at the times required by the Code and the Regulations. If applicable, the Issuer shall instruct in writing

the Trustee to withdraw from the Rebate Fund and pay any rebate over to the United States. The determination of Rebateable 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. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Issuer's determinations, calculations and certifications required by this Section 5.7 and the Trustee shall have no responsibility to independently make any calculations or determination or to review the Issuer's determinations, calculations and certifications required by this Section 5.7.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section 5.7. 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 provisions of this Section 5.7 may be amended or deleted without Bondowner consent or notice, 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 5.8 Investment of Funds. Any moneys in the Bond Fund, the Construction Fund, the Rebate Fund, the Reserve Instrument Fund and the Debt Service Reserve Fund shall, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments; provided, however, that moneys on deposit in the Bond Fund and the Reserve Instrument Fund may only be invested in Qualified Investments having a maturity date one year or less. If no written authorization is given to the Trustee, moneys shall be held uninvested. 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 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. All moneys in the Revenue Fund may, at the discretion of the Issuer, be invested by the Issuer in Qualified Investments.

The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Section 5.8. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a

Qualified Investment, remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

The Trustee may, to the extent permitted by the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code make any and all investments permitted by the provisions of the Indenture through its own or any of its affiliate's investment departments.

The Issuer acknowledges that to the extent regulations of the comptroller of the currency or any other regulatory entity grants the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

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 in writing 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 5.9 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 5.7 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 of, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

Section 5.10 Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account, Qualified Investments shall be valued at market, 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) Pursuant to Section 11-14-17.5(2)(d) of the Act, while any of the Bonds remain outstanding and unpaid, or any Repayment Obligations are outstanding, the ordinance, resolution or other enactment of the Issuer imposing the taxes described in the definition of Revenues and pursuant to which said taxes are being collected, the obligation of the Issuer to continue to levy, collect, and allocate such taxes, and to apply such Revenues in accordance with the provisions of the authorizing ordinance, resolution or other enactment, shall be irrevocable until the Bonds and/or any Repayment Obligations have been paid in full as to both principal and interest, and is not subject to amendment in any manner which would impair the rights of the holders of those Bonds or Repayment Obligations which would in any way jeopardize the timely payment of principal or interest when due. The Issuer covenants that while any Bonds or Repayment Obligations remain outstanding and unpaid, the Issuer (i) will not repeal the levy of the 1% Local Sales and Use Tax, the 1% Resort Communities Tax, the 0.5% Additional Resort Communities Tax or the 1% Municipality Transient Room Tax included in the Revenues and (ii) will file all reports and take all other actions required on its part to continue the levy and collection of such taxes.²

(b) The outstanding Bonds to which the Revenues of the Issuer have been pledged as the sole source of payment shall not at any one time exceed an amount for which the Average Aggregate Annual Debt Service Requirement of the Bonds will exceed eighty percent (80%) of the Revenues to be received by the Issuer during the Bond Fund Year immediately preceding the Bond Fund Year in which the resolution authorizing the applicable Series of Bonds is adopted.

(c) Each Registered Owner, Security Instrument Issuer 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 to the receipt and disbursements of the Revenues. 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 of the Revenues, and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

² This section shown as amended by the Third Supplemental Indenture executed in connection with the Series 2014 Bonds and the Fifth Supplemental Indenture to be executed with the issuance of the Series 2017 Bonds.

Section 6.2 First Lien Bonds: Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Revenues. The Issuer covenants that the Bonds and Security Instrument Repayment Obligations hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a first lien on the Revenues and shall not be entitled to any priority one over the other in the application of the Revenues regardless of the time or times of the issuance of the Bonds or delivery of Security Instruments, it being the intention of the Issuer that there shall be no priority among the Bonds or the Security Instrument Repayment Obligations regardless of the fact that they may be actually issued and/or 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) 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 and to the Security Instrument Issuers.

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, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, this Indenture, any Security Instrument Agreement and any Reserve Instrument Agreement, according to the true intent and meaning hereof and thereof. The Principal of and interest on the Bonds, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations are payable solely from the 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 Revenues 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, any Security Instrument Agreement or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment thereof.

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, Security Instrument Agreement and Reserve Instrument Agreement. 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 Corporate Trust Office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the

Registered Owners (or a designated representative thereof) of 10% or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee.

Section 6.6 Designation of Additional Paying Agents. The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder, but only to the extent such funds are made available to the Issuer from Bond proceeds or other Funds created hereunder or the income from the temporary investment thereof, for the payment of such of the Bonds as shall be presented when due at the Principal Corporate Trust Office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate Paying Agents.

Section 6.7 Tax Exemption of Bonds. The Issuer recognizes that Section 149(a) of the Code requires bonds to be issued and to remain in fully registered form in order that interest thereon is excluded from gross income for federal income tax purposes under laws in force at the time the bonds are delivered. Bonds issued pursuant to this Indenture, the interest on which is excludable from 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 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, or upon the request of a Security Instrument Issuer or a Reserve Instrument Provider, 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 6.10 Covenant of State of Utah. In accordance with Section 11-14-17.5(3), Utah Code Annotated 1953, as amended, the State of Utah hereby pledges and agrees with the Owners of the Bonds and all Reserve Instrument Providers that it will not alter, impair or limit the Revenues in a manner that reduces the amounts to be rebated to the Issuer which are devoted or pledged herein until the Bonds, together with applicable interest, and all Reserve Instrument Repayment Obligations, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the Owners of the Bonds.

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 the Issuer's 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 7.1, and such Event of Default shall continue for 30 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; or

(j) the occurrence of any event specified in a Supplemental Indenture as constituting an Event of Default.

Section 7.2 Remedies; Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee, upon being indemnified pursuant to Section 8.1 hereof, 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 including the right to require the Issuer to make monthly deposits to the Bond Fund in the amounts set forth in Sections 5.2(a)(i) through 5.2(a)(iii).

If an Event of Default shall have occurred, and if requested so to do by (i) Registered Owners of not less than 25% in aggregate Principal amount of the Bonds then Outstanding, (ii) Security Instrument Issuers at that time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 25% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 25% in aggregate Principal amount of Bonds at the time 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 7.2 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners and the Security Instrument Issuers.

No remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners or to the Security Instrument Issuers) 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, the Registered Owners or the Security Instrument Issuers 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 or the Security Instrument Issuers, 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, unless a Supplemental Indenture provides otherwise, either (i) the Registered Owners of a majority in aggregate Principal amount of the Bonds then Outstanding, (ii) the Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 50% in aggregate Principal amount of Bonds at the time 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, 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 VII shall, after payment of Trustee's fees and expenses including the fees and expenses of its counsel for the proceedings resulting in the collection of such moneys and of the expenses and liabilities and advances 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 and the Security Instrument Repayment Obligations 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 and the interest component of any Security Instrument Repayment Obligations then due, 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, and the Principal component of any Security Instrument Repayment Obligations then due, and, if the amount available shall not be sufficient to pay in full all the Bonds and the Principal component of any Security Instrument Repayment Obligations due on any particular date, 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 and Security Instrument Repayment Obligations, without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond or Security Instrument Repayment Obligation over any other Bond or Security Instrument Repayment Obligation, 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 owed to all Reserve Instrument Providers, ratably, according to the amounts due without any discrimination or preference under any applicable agreement related to any Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section 7.4, 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. 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 7.6, no Registered Owner of any Bond or Security Instrument Issuer 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 25% in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 25% in aggregate principal amount of Bonds at the time 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 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 or Security Instrument Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its 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 and all Security Instrument Issuers at the time providing Security Instruments. Nothing herein contained shall, however, affect or impair the right of any Registered Owner or Security Instrument Issuer 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 and Security Instrument Repayment Obligations at the time, place, from the source and in the manner in said Bonds or Security Instrument Repayment Obligations expressed.

Section 7.7 Termination of Proceedings. In case the Trustee, any Registered Owner or any Security Instrument Issuer 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, the Registered Owner, or Security Instrument Issuer, 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, and with the prior written consent of all Security Instrument Issuers at the time providing Security Instruments, 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 or

Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in respect of which an Event of Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any default in the payment of the principal of any Bonds at the date that a Principal Installment is due 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, the Registered Owners and the Security Instrument Issuers 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 Cooperation 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, Reserve Instrument Providers and the Security Instrument Issuers.

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 and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care 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. 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 the provisions hereof. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

(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 an Authorized Representative 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 Section 8.1(g) herein, 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 an Authorized Representative 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 7.1(b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer, a Security Instrument 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 Registered Owners, Security Instrument Issuers or Reserve Instrument Providers pursuant to the provisions of this Indenture, unless such Registered Owners, Security Instrument Issuers 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 required to expend, advance, or risk its own funds or incur any financial liability in the performance of its duties or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or satisfactory indemnity against such risk or liability is not assured to it.

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. The Trustee's rights under this Section 8.2 will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

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 an Event of Default be given to the Trustee as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail to all Security Instrument Issuers or to 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 8.4 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 or certified mail, and by registered or certified mail to each Reserve Instrument Issuer, Security Instrument Issuer and Registered Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of and acceptance by 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 by Registered Owners; 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 an Authorized Representative 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 8.8 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 and Security Instrument Issuer 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 VIII shall be filed and/or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed and/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 as Trustee of Funds; 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 hereunder and Registrar for the Bonds and Paying Agent for principal of, premium, if any, and interest on the Bonds, 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 8.12 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 concerning the transactions described herein that were delivered by the Trustee during the Bond Fund Year just ended.

Section 8.14 Indemnification. To the extent permitted by law and 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, Security Instrument Issuers and 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, or Security Instrument Issuers, 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 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 Security Instrument Issuers and any Reserve Instrument Providers 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 or Security Instrument Issuers without its consent;
- (d) To subject to this Indenture additional Revenues or other revenues, properties, collateral or security;
- (e) To provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Title 15, Chapter 7 of the Utah Code, Annotated 1953, as amended, or any successor provisions of law;
- (f) To make any change which shall not materially adversely affect the rights or interests of the Owners of any Outstanding Bonds, any Security Instrument Issuers or any Reserve Instrument Provider requested or approved by a Rating Agency in order to obtain or maintain any rating on the Bonds or requested or approved by a Security Instrument Issuer or Reserve Instrument Provider in order to insure or provide other security for any Bonds;
- (g) To make any change necessary (A) to establish or maintain the exclusion from gross income for federal income tax purposes of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated thereunder, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America;

(h) If the Bonds affected by any change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(i) If the Bonds affected by any change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(j) Unless otherwise provided by a Supplemental Indenture authorizing a Series of Bonds, the designation of the facilities to constitute a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (1) a Supplemental Indenture designating the facilities to comprise the Project and (2) an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status (if applicable) or validity of the Bonds and certifying that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture; and

(k) To correct any references contained herein to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references herein are correct.

Section 9.2 Supplemental Indentures Requiring Consent of Registered Owners and 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 9.2, 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 9.2 contained shall permit or be construed as permitting (a) an extension of the date that a Principal Installment is due at maturity or mandatory redemption 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 by any 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 Security Instrument or 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 Security Instrument Issuer or Reserve Instrument Provider, as applicable.

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 Security Instrument Issuers and all Reserve Instrument Providers all sums of money due or to become due according to the provisions of any Security Instrument Agreements, Reserve Instrument Agreements, as applicable, then these presents and the estate and rights hereby granted shall cease, terminate 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, the payment of amounts pursuant to any Security Instrument Agreements 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 X 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) directing the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to Article II above; and

(c) directing 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 and to each related Security Instrument Issuer that the deposit required by this Article X has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article X 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 Article II.

Any moneys so deposited with the Trustee as provided in this Article X 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 X 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 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.

No such deposit under this Article X shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause any tax-exempt Bonds to be treated as arbitrage bonds within the meaning of Sections 148 of the Code.

Notwithstanding any provision of any other Article hereof which may be contrary to the provisions of this Article X, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of this Article X 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 X 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 X 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, Security Instrument Issuers or Reserve Instrument Providers may be in any number of concurrent writings of similar tenor and may be executed by such Registered Owners, Security Instrument Issuers or Reserve Instrument Providers 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, any Security Instrument Issuer and any Reserve Instrument Provider, 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, any Security Instrument Issuer 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 in Park City, Utah, Attention: Finance Director, 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, One South Main Street, 3rd Floor, Salt Lake City, Utah 84111, 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 Business Day thereafter and no interest shall accrue for the period between such date and such first Business Day thereafter.

Section 11.10 Effective Date. This Indenture shall become effective immediately.

Section 11.11 Compliance with Act. It is hereby declared by the Issuer's Governing Body that it is the intention of the Issuer by the execution of this Indenture to comply in all respects with the provisions of the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed as of the date first written above.

PARK CITY, UTAH, as Issuer

(SEAL)

Mayor

ATTEST:

City Recorder

ZIONS FIRST NATIONAL BANK,
as Trustee

By: _____

Title: _____

EXHIBIT A

FORM OF REQUISITION

RE: Park City, Utah Sales Tax [Revenue] [Refunding] Bonds, Series _____ in the sum of \$ _____

You are hereby authorized to disburse from the 20____ Account 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 20____ Account of the Construction Fund based upon audited, itemized claims substantiated in support thereof, and has not been the basis for a previous withdrawal.

DATED: _____

Authorized Representative

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2019 Bonds, Gilmore & Bell, P.C., Bond Counsel, proposes to issue its approving opinion in substantially the following form:

We have acted as bond counsel to Park City, Utah (the “Issuer”) in connection with the issuance by the Issuer of its \$_____ Sales Tax Revenue Bonds, Series 2019 (the “Series 2019 Bonds”). The Series 2019 Bonds are being issued pursuant to (i) a resolution of the Issuer adopted on January 15, 2019; (ii) a General Indenture of Trust dated as of March 1, 2005, as heretofore amended and supplemented (the “General Indenture”), and as further amended and supplemented by a Sixth Supplemental Indenture of Trust dated as of March 1, 2019 (the “Sixth Supplemental Indenture” and together with the General Indenture, the “Indenture”), each between the Issuer and Zions Bancorporation, National Association, as trustee; and (iii) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law. The proceeds of the Series 2019 Bonds are to be used by the City for the purpose of (a) financing (i) a portion of the costs of a revolving program of acquiring and constructing affordable housing units, (ii) additional parking and plaza improvements, (iii) road improvements, (iv) open space acquisition and related improvements and (v) park, recreation and community center improvements (collectively, the “Series 2019 Project”), and (b) paying costs of issuance of the Series 2019 Bonds.

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

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Issuer is a political subdivision and body politic of the State of Utah created and validly existing under the laws of the State of Utah.

2. The Indenture has been authorized, executed and delivered by the Issuer, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer and creates a valid lien on the Revenues (as defined in the Indenture) and the other amounts pledged thereunder for the security of the Series 2019 Bonds.

3. The Series 2019 Bonds are valid and binding special obligations of the Issuer payable solely from the Revenues and other amounts pledged therefor in the Indenture, and the Series 2019 Bonds do not constitute a general obligation indebtedness of the Issuer within the meaning of any State of Utah constitutional provision or statutory limitation, nor a charge against the general credit or ad valorem taxing power of the Issuer.

4. The interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply

with certain of these requirements may cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds.

5. Interest on the Series 2019 Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Series 2019 Bonds.

The rights of the holders of the Series 2019 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

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

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”), is executed by Park City, Utah (the “City”), in connection with the issuance by the City of its \$_____ Sales Tax Revenue Bonds, Series 2019 (the “Series 2019 Bonds”). The Series 2019 Bonds are being issued pursuant to a General Indenture of Trust dated as of March 1, 2005, as heretofore supplemented and amended, and as further supplemented and amended by a Sixth Supplemental Indenture of Trust, dated as of March 1, 2019 (collectively, the “Indenture”), between the City and Zions Bancorporation, National Association, as trustee.

The City hereby acknowledges that it is an “obligated person” within the meaning of the hereinafter defined Rule with respect to the Series 2019 Bonds.

In connection with the aforementioned transactions, the City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Series 2019 Bonds and in order to assist the Participating Underwriter (each as defined below) in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the hereinafter defined Official Statement or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means the annual report provided by the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2019 Bonds (including persons holding Series 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2019 Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the Zions Public Finance, Inc., acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1300 I Street, NW, Suite 1000, Washington D.C. 20005; Telephone (202) 838-1500; the current website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the City dated _____, 2019, relating to the Series 2019 Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2019 Bonds required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

“Rule” shall mean Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Utah.

Section 3. Provision of Annual Reports.

(a) The City shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than one hundred eighty–five (185) days after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2019, provide to the MSRB in an electronic format, the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) business days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(e).

(b) If by fifteen (15) business days prior to the date specified in Section 3(a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the dates required in Sections 3(a) and 3(b), the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report, the website address to which the MSRB directs the annual reports to be submitted; and

(ii) file reports with the City, as appropriate, certifying that their Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) A copy of the annual financial statements of the City prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accounts. If the City’s audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the financial and operating information in the Official Statement relating to the City of the type contained in tables under the headings:

“SECURITY AND SOURCES OF PAYMENT—Pledged Taxes—*Historical Revenues from Pledged Taxes*,” “HISTORICAL DEBT SERVICE COVERAGE,” and “DEBT STRUCTURE OF PARK CITY, UTAH.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City, as appropriate or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City, as appropriate, shall clearly identify each such other document so incorporated by the reference. All of the items contained in the Annual Report shall be submitted in a pdf word–searchable format.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2019 Bonds in a timely manner but not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or 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 Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2019 Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the City or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Series 2019 Bonds;
- (v) Series 2019 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2019 Bonds; or
- (vii) Incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall promptly notify the

Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the City determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) Business Days after the Listed Event.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the date of the legal defeasance, prior redemption or payment in full of all of the Series 2019 Bonds. If such termination occurs prior to the final maturity of the Series 2019 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The City hereby appoints Zions Public Finance, Inc. to serve as the initial Dissemination Agent under this Disclosure Undertaking.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2019 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2019 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this

Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder or Beneficial Owner of the Series 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an “event of default” under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2019 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners from time to time of the Series 2019 Bonds and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: _____, 2019.

PARK CITY, UTAH

(SEAL)

By: _____

Mayor

ATTEST:

By: _____

City Recorder

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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 an 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 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 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 the transaction. Transfers of ownership interests in the 2019 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 2019 Bonds, except if use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 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 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 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 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 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 the 2019 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 2019 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 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019 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 2019 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, if a successor depository is not obtained, 2019 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, 2019 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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